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# ***Daily Report***

# **Latin America**

FBIS-LAT-94-077  
Thursday  
21 April 1994

# Daily Report

## Latin America

FBIS-LAT-94-077

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21 April 1994

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**Indian Group Rejects Brazil's Plan for Radar Surveillance**

PA2104023994 Madrid EFE in Spanish 0703 GMT  
16 Apr 94

[By Antonio Martinez]

[Excerpt] Quito, 16 Apr (EFE)—One million Amazonian Indians from Peru, Colombia, Venezuela, Ecuador, Guyana, Brazil, Bolivia, French Guiana, and Suriname have rejected the Brazilian Government's plan for radar surveillance of that jungle region because they believe that it is a plan to militarize and colonize the region.

In a communique issued in Quito this week, the Coordinating Board of Indian Organizations of the Amazon Basin (COICA) requests that the Brazilian Government spend the \$1 billion budgeted for that project on the construction of hospitals, schools, and health centers.

Last week, Admiral Mario Cesar Flores, Brazilian secretary for strategic affairs, presented the plan for "the

protection and exploitation of natural resources, the protection of Indian areas, and the control of illegal actions," with the help of radar surveillance of the Amazon region. Flores invited other Amazonian countries to join in this project. He said that Colombia and Venezuela had shown interest in it and specified that "it was a system for protection, not military defense," but the Indians do not believe this.

"We do not need the military to protect us. Thanks, anyway. What we need is to be left alone, recognition our territories, and the right to a large share of what is produced in them," the COICA communique states. "We know you intend to militarize an approximately 20-mile wide strip throughout thousands of kilometers of the jungle, much of which is Indian territory," the communique adds. "If you divide the \$1 billion you will spend to 'protect us' among the million Indians who live here, that will give us \$1,000 per person," the communique points out. [passage omitted]

**Cuba****Castro Receives Mexican Science Council Visitor***FL2104113294 Havana Radio Progreso Network in Spanish 1102 GMT 21 Apr 94*

[Text] President Fidel Castro received Fausto Alzadi, who is in Havana to sign a scientific and technical research accord between the Mexican National Council for Science and Technology and Cuba's State Committee for Economic Cooperation [CECE]. During the meeting between our commander in chief and the Mexican visitor an exchange of opinions took place regarding the development of bilateral ties in research fields and application of research in economic and scientific development programs.

Vice President Carlos Lage, and CECE President Ernesto Menendez, as well as Alberto Ruiz Moncargio, adjunct director of the Mexican National Council for Science and Technology, and Sergio Tovar, scientific adviser of the Mexican embassy in Havana, were in attendance.

**Rumor of Attack on Castro Linked to U.S. Radio Station***PA2004215894 Paris AFP in Spanish 2120 GMT 20 Apr 94*

[Text] Havana, 20 Apr (AFP)—President Fidel Castro Ruz is "in perfect health," a Cuban Foreign Ministry representative stated Wednesday, denying rumors spread abroad of an attack on the Cuban leader or his hospitalization.

According to the source questioned by AFP, the head of state participated as scheduled in an "official function" on Tuesday [19 April] night. Nevertheless, rumors apparently started by a Florida radio station spread in several Latin American countries, claiming Fidel Castro had been the victim of an attack or had been hospitalized in the CIMEQ [expansion unknown]—one of the best hospitals in Havana.

In Washington, a U.S. State Department spokesman announced the United States had no information that enabled it to confirm or deny any version of the story, and he noted there was no "indication" of a change in the situation in Cuba.

In fact, the situation was completely normal on Wednesday in Havana, where most Foreign Ministry officials were preparing for a conference which, from Friday to Sunday, will bring together representatives of the Cuban Government and some 200 members of the Cuban community living abroad.

**Foreign Ministry 'Sources': Castro in 'Perfect Health'***PA2004155794 Madrid EFE in Spanish 1533 GMT 20 Apr 94*

[Text] Havana, 20 Apr (EFE)—Official Cuban Foreign Ministry sources today denied to EFE that President Fidel Castro had suffered a stroke and said "he is in perfect health."

The sources also denied Castro had been admitted to "Cimex" Hospital in Havana for a checkup.

The sources said Castro is not scheduled to attend the meeting between the Cuban Government and Cubans living abroad that begins on Friday, but they added that he will attend the next National Assembly of the People's Government meeting scheduled for 1 May.

Although Fidel Castro has not been seen in public since 2 April, when he met with Chinese Deputy Planning Minister Hao Jianxiu, other sources said the Cuban president presided, as usual, at Monday's Council of Ministers meeting.

**Radio Official Denies Illness***PA2004161994 Panama City Circuito RPC Radio in Spanish 1555 GMT 20 Apr 94*

[Telephone interview with (Isidro Zardales), Havana Radio Havana Cuba editor in chief, in Havana by an unidentified reporter at the Circuito RPC Radio studios in Panama City—live]

[Text] [Reporter] Good morning, Mr. (Zardales). Right now in Panama City we are hearing rumors that there has been an attack on Cuban President Fidel Castro. What is being said in Cuba at this very moment?

[(Zardales)] We are surprised by this information. We have no knowledge of such an attack. We have not even heard that President Castro is sick, which is another rumor I hear is going around.

The president of Cuba has not appeared in public in these past few days because there has been no need for it. No activity has been held in which he has had to participate. His brother has been seen in public at events to mark the anniversary of the Bay of Pigs victory. That is why rumors started that he was victim of an attack or a stroke. The truth is that we have no official or unofficial information on this. To be honest with you, we have not even heard street rumors about this.

[Reporter] In other words, Mr. (Zardales), nothing is being said about this in Cuba.

[(Zardales)] No, not really. I have just come in from the street. I was reporting from the city, and I have no information on this. Before receiving your call, I talked with comrades here at the radio station and no one has information on this.

[Reporter] Mr. (Zardales), what do you think prompted the international version on what might be happening to Fidel Castro?

[(Zardales)] I think it is wishful thinking on the part of some people. Many people would like to see something happen to him. I believe these people are trying to create a bizarre perception of our country in advance of the upcoming emigre meeting in Havana. The meeting will be attended by Cubans who live in several countries—in the United States, Europe, Latin America, and even Australia.

[Reporter] Mr. (Zardales), you have said Fidel Castro has not been seen in public for the past few days. When was the last time he was seen in public?

[(Zardales)] The truth is that I cannot remember. I cannot remember. I know it was a few days ago, however; there are no indications that he is sick. Similar rumors were spread in the past when he was not seen in public. I imagine he has a lot of work to do. I believe he is involved with the upcoming meeting in Havana, and this must be keeping him pretty busy. We are hoping it will be a successful meeting—a meeting of rapprochement with the Cuban community living abroad. We are all Cubans and have the right to discuss the political and social future of our country.

[Reporter] Mr. (Zardales), you are a reporter. Are there any rumors that Castro is sick? Has an official announcement been made about some kind of illness he may have, perhaps heart disease?

[(Zardales)] All he is suffering from is having excellent health. If we are going to talk of illness, we can talk about old age. Old age is something natural for all of us. However, I do not think he is ill. He enjoys good health.

We saw him recently. He is a man who keeps himself physically strong. He enjoys sports. He will jump into the water and take a swim at any time of the day, even in the early morning hours. He also plays basketball. He keeps himself physically strong. We honestly have not heard that he is ill.

[Reporter] In conclusion Mr. (Zardales), has an official announcement been released regarding the international rumors that Castro is ill? Do you know of this?

[(Zardales)] No, no, no. I have heard nothing of this. I am just arriving. I have not read today's news releases, but I have seen nothing about this. As I said earlier, I believe such rumors begin every time he is not seen in public for two or three days. I also believe that these rumors are being spread in light of the upcoming meeting with Cubans living abroad, or with representatives of the Cubans living abroad.

[Reporter] Thank you, Mr. (Isidro Zardales), Radio Havana Cuba editor in chief.

### Further on Castro Health Rumors

PA2004232894 Paris AFP in Spanish 2218 GMT 20 Apr 94

[Text] Washington, 20 Apr (AFP)—Reports that President Fidel Castro has been hospitalized after suffering an attack or a heart attack were reported frequently in several American capitals on Wednesday, prompting an official denial from Havana and a cautious nonconfirmation in Washington.

Robert L. Fretz, the official responsible for Cuban affairs in the U.S. State Department, said that his office had also heard the rumors but did not have official reports from Havana on Castro's health, "nor any indication there was a change in the situation in Cuba." "The regime seems to continue in firm control of the police and the security forces," Fretz added, saying that the United States "continues to monitor the situation closely."

Gladys Gonzalez Noy, a Cuban dissident living in Havana, told the National Cuban-American Foundation (CANF), the largest anti-Castroist organization, by telephone on Wednesday that Castro was hospitalized last week after suffering a heart attack following an attempt on his life. According to Gonzalez Noy, Castro was hospitalized at the Surgical Medical Research Center (CIMEQ) in Havana last week but was transferred to another place on Tuesday, according to a recording of a conversation supplied to AFP and other media sources at CANF headquarters in Miami (Florida).

Gonzalez Noy, president of the Pro-Free Art Association, said Castro was caught in the middle of a shooting, a rumor that circulated last week. Although he was not injured, according to her, the incident affected him greatly. "First, before the heart attack, Castro suffered a respiratory arrest as a result of the whole situation," she affirmed.

Gonzalez Noy asserted that state security has just forbidden her to leave her house and that there is an unusual police presence in Cuba.

Other well-placed sources in Washington said, however, that regarding Havana there were only reports of an increase in the security presence around the CIMEQ hospital, one of the most prestigious in the capital.

In Havana, a Cuban Foreign Relations Ministry official questioned by AFP said on Wednesday that Castro is "in perfect health" and conducted as usual an "official activity" on Tuesday evening.

In fact, the situation seemed normal on Wednesday in the Cuban capital, according to an AFP reporter.

Most officials at the Cuban Foreign Ministry have been busy with preparations for the conference that, from Friday to next Sunday, will gather representatives of the Cuban Government with some 200 members of the Cuban exile community.

### Foreign Ministry Adviser Views Emigre Conference FL2004175394

[Editorial Report] Cuba Vision Network in Spanish at 0030 GMT on 20 April features its regularly scheduled 30-minute Open Agenda program with host Antonio Resillez and guest Rene Mujica, adviser to the foreign minister, on "The Nation and the Emigre Community" conference.

The program begins with a video of Antonio Aja Diaz, deputy director of the Political Alternatives Study Center of Havana University, who points out that the United States is the main destination of Cuban emigration, approximately 1.0439 million Cuban immigrants; followed by 15,000 in Spain; 13,000 in Venezuela; 4,000 in Mexico; and much smaller numbers in other countries worldwide. Aja points out that Cuban immigration experienced a significant increase in 1959, and that the main destination for two centuries has been the United States.

Mujica begins by stating that a little more than 200 people are expected to attend the Havana conference. The agenda includes several subjects to familiarize participants with the current Cuban circumstances and to discuss issues of interest to emigres. He adds that Ricardo Alarcon, president of the National Assembly of the People's Government, will discuss the Cuban People's Government system; Abel Prieto, president of the National Union of Cuban Writers and Artists, will discuss Cuban culture and national identity; Foreign Minister Roberto Robaina will discuss current ties and prospects of ties between Cuba and the emigre community; and finally, Carlos Lage, secretary of the Executive Committee of the Council of Ministers, will discuss Cuba's current economic situation and prospects.

Mujica adds that the number of participants "is not significant, many people have asked to participate." He adds that it is important to stress that the participants come from approximately 40 countries, are from diverse fields and social conditions, and will pay their way.

Mujica goes on to say that the goal of the conference is: "to identify a common ground to work toward the establishment of normal ties with the emigre community. The meeting will become a forum to exchange opinions, and to discuss possible solutions, and difficulties. It will not be a negotiation from which accords could result." Mujica adds the meeting will be austere but that several dozen comrades—the minimum necessary—from diverse Cuban institutions and sectors directly related to immigration will also attend the conference.

Prompted by Resillez, Mujica stresses that the participants are not sympathizers with the Cuban Revolution—a false claim by the foreign media.

Regarding foreign media claims that the conference's ulterior motive is economic, Mujica adds: "That is another false claim made to distort the true goals of this initiative by the Cuban Government. There is no hidden

agenda. This initiative is being handled in a clear, open manner. There are no ulterior motives.

"The foreign media purposely exaggerate certain opinions on the significance, or economic impact which might result from ties with the emigres. Every human relation or endeavor has, of course, an economic aspect but this is in no way the motive of our initiative, nor is this economic aspect a significant prospect for Cuba's future."

A video segment with Ingrid Estevez, from Havana's Socio-Political Studies Center, stresses that polls conducted in 1993 and 1994 reveal that the current Cuban opinion on the emigres is "more mature"; for example: 40 percent of the people polled believed the emigres condemned the blockade; 79 percent agree that emigres could use and pay for Cuban medical services; 83 percent agree with normalizing ties; 52 percent wish to visit relatives in the United States. Another poll conducted earlier this year shows that 84 percent supports "The Nation and the Emigre Community" conference.

Mujica points out that the conference ought to show the way to normalize ties with the emigres and adds: "We hope contacts will increase and there will be a program of contacts with the emigres, and our institutions, relatives, etc., through diverse channels of communication".

Resillez asks if there are signs that the U.S. Government is somehow participating in the effort to improve the emigre's ties with Cuba, since the majority of emigres reside in the United States.

Mujica answers: "No, really none. This is absolutely a Cuban initiative. There is no participation from any government or foreign element in its development. The answer is definitively no." He adds: "I do not know of any statement or official position from U.S. authorities regarding this conference. Governments do not have to have a position on everything happening in this world, particularly, if their interests are not affected as we hope is the case."

Mujica points out that reporters are not invited to the conference in order to facilitate the frankness and openness of the discussions and that the media will be able to report on the opening and closing ceremonies, and will receive daily reports via an official spokesman.

In closing Mujica stresses: "We know this is a highly interesting and sensitive subject for our people. We have made every effort to keep the people informed about it and we will continue to do so to see that our people are fully informed."

### Commentary on Minister's Views of Energy Crisis

PA2004220794 Havana Radio Havana Cuba in Spanish  
0000 GMT 19 Apr 94

[Commentary by Miguel de la Guardia Hernandez from the "Evening Information Review" newscast]



[Text] On 16 April, Basic Industry Minister Marcos Portal thoroughly discussed the current Cuban energy crisis before a panel of journalists from television and other media. Great expectations surrounded Portal's public appearance, considering the population is suffering daily power outages that last several hours. In addition, transportation service has been reduced to a minimum. Strict fuel shortages, frequent breakdowns in power plants, and the limitations resulting from the serious economic situation known as the special period have seriously limited the supply of gas.

This situation, which has caused severe and constant hardships among a population that works and strives courageously to preserve its social victories, would have triggered the collapse of any government or social system that did not have the firm support of the majority of its people, as is the case with Cuba and its revolution. In turn, the authorities feel obligated to inform Cubans fully and to give them all of the necessary information to inform them of the situation and the efforts being undertaken to overcome the crisis.

Minister Portal referred to the poor condition of Cuban power plants, which lack required regular maintenance because of a shortage of spare parts and accessories. The supply of these parts was interrupted by the sudden collapse of the Soviet Union and other socialist countries in Europe, which had provided Cuba with power plant equipment and the fuel required to operate the plants.

Minister Portal spoke of Cuban efforts to develop its oil industry with the assistance of foreign companies that have entered into joint investments with the Cuban Government. Portal pointed out that 1994 production in regions that have already been explored will greatly exceed 1 million tons of petroleum, and Cuba will be able to increase the ceiling on petroleum used to generate electricity.

Along this line, Minister Portal had to refute false rumors rival radio stations air to Cuba. These rumors claimed that the heavy crude being extracted from some of the country's fields had damaged the power plants. The information provided by Minister Portal has been properly conveyed to Radio Havana listeners worldwide—especially on this continent—and has been welcomed by a population confident its revolutionary government is doing all it can to resolve the problems. The Cuban Government has the committed support of its people to confront the current critical situation.

One aspect of Minister Portal's speech deserves special attention because it reflects the sensible path authorities are following—namely, the policy to avoid depending on a single country, a single economic and commercial source to ensure the functioning and development of Cuban society. Cuba currently has trade and economic development relations with a wide range of countries, including Spain, Canada, France, the Netherlands, Great Britain, and Latin American countries, with which it can conduct exchanges for mutual benefit. Therefore, the

Cuban economy will experience flourishing and stable growth, and no power will ever be able to enforce a blockade or cut supply lines to Cuba in an attempt to impose its political interests and views.

We, the Cuban people, are facing a critical situation, but we are reaping very useful lessons from the struggle, and we will become increasingly harder to defeat.

#### **Eastern Army Performs for FAR Leaders**

*FL2104011394 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 20 Apr 94*

[Text] Today, the extraordinary military council of the Eastern Army opened with Army General Raul Castro; Commander of the Revolution Juan Almeida Bosque; Division Gen. Ulises Rosales del Toro, chief of the General Staff; and Division Gen. Ramon Espinosa Martin, head of the Eastern Army, in attendance. Council members and first secretaries of the party from the six provinces that form part of the Eastern Army were also in attendance. Party officials from Ciego de Avila and Sancti Spiritus were present as special guests.

During the first part of the event, participants heard a detailed report, presented by Brigadier Gen. Urbelino Betancourt, head of the General Staff of the Eastern Army, on the energy potential of the Eastern Army. The report disclosed its capacity and considerable potential, based on its reduction in consumption of conventional fuel, which reached 77 percent in comparison to 1989; while with electricity, it used 50 percent less, without affecting fulfillment of combat preparation programs, equipment conservation, ammunition savings, and a considerable increase in food production.

The increased use of fuel-saving devices and methods, such as windmills, biogas processors [digestores], solar energy, bagasse, sugarcane straw, and firewood as alternate sources; and the use of animal power in various activities; the use of magnetizers, direct fuel emulsifiers for service and combat vehicles, and the use of efficient stoves are realities that were verified by those who attended this extraordinary military council of the Eastern Army, which focuses on the organizational measures being carried out, with the goal of securing the instruction process of the troops under conditions very close to option zero.

The meeting held with combatants of a great tank unit selected as one of the best in the whole FAR, allowed them to see the operation of a classroom complex specializing in tanks, infantry, and communications. It was here, where Raul and those who are accompanying him received many demonstrations on the overall state of the troops, target practice with tanks using lever mechanisms and stabilizers, in which variations in terrain and moveable targets create a sensation of a real offensive movement by these machines.

The overcoming of obstacles, activity on the practice range, and mastery in camouflage are objectives of the



combat preparation that can be seen, along with solutions to substitute or adapt means and equipment for conservation in view of the lack of some essential elements in defensive preparations. Combatants pedal to make the communication stations work. Workshops that repair and manufacture parts continue operating without fuel. Industrial electric energy continues operating through the initiatives of workers, which makes them worthy of an outstanding position in the country. Transparent shingles are used on warehouses, variants for nonmotorized transportation are elements that contribute to the savings in this great unit.

The final stop on the tour was at the medical facility, which is the pride of the Eastern Army because it is the best of its type in the FAR, and where more than 135 formulations of herbal remedies are manufactured. There is a high use of acupuncture and a great quantity of medical equipment that operates without conventional energy.

This great tank unit, which has maintained its vanguard performance for four years in a row, has not neglected the production of alternative materials based on Roman cement for the construction of housing and fortifications, the production of feed and phytopharmaceuticals [fitofarmacos] that were previously imported and are used in the poultry and pork farming they have developed, or increased possibilities of producing freshwater fish in recently built small tanks and dams.

An impromptu meeting set the tone for congratulating the members of the tank unit on the occasion of their day, and the day honoring the Bay of Pigs. Division Gen. Ulises Rosales del Toro spoke to those present.

[Begin Rosales recording] On behalf of the minister, the generals, and the leaders who accompany us, all of whom will be with you for two days participating in the military council of the Eastern Army, we wish to congratulate you on this day. [end recording]

Division General Nestor Lopez Cuba, head of the political directorate of the FAR, a tank driver during the Bay of Pigs, also spoke to the soldiers.

[Begin Lopez recording] On this day, we salute all members of tank units and ask that they outshine the tank units from the Bay of Pigs. [end recording]

Afterwards, an accurate demonstration was held by a group of combatants of the unit, who confidently battled enemy targets as any other of the 100,000 experts and marksmen of the FAR would do, and who are ready to act under the concept of the people's war.

This extraordinary military council of the Eastern Army with its activities continues to demonstrate with specific facts how our combatants, dressed in their olive green uniforms, do not fold their arms and are not intimidated by the current material obstacles. To the contrary, they

arm themselves with new initiatives, elevating themselves to the level that this moment demands. Above all, each day they perfect their fighting capabilities.

### Power Plant Maintenance Period To Be Reduced

*FL2004220194 Havana Radio Reloj Network in Spanish 1930 GMT 20 Apr 94*

[Text] In the spirit of winning the electricity-generation battle, workers from the Antonio Maceo plant, formerly the Rente plant in Santiago de Cuba, are working hard to reduce the period required for maintenance.

The workers are currently working on repairing the boiler of the 100-megawatt Unit No. 4. The Rente plant [as heard] has six units capable of generating 500 megawatts an hour, but has this year been working at 40 percent of its capacity due to the delay in maintenance resulting from the national network situation and the lack of resources, which are now being received.

For this reason, Unit No. 4 is expected to be finished by June, and will continue operating with the other units to provide an acceptable response to the generation needs this year.

### Agriculture Ministry To Preserve Machinery

*FL2004185294 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 20 Apr 94*

[Text] Over 25,000 tractors, diverse implements, and vehicles from the Agriculture Ministry [Minag] will be subjected to a preservation process. The Minag has approximately 150,000 such resources nationwide; approximately a sixth of which will be mothballed.

[Begin unidentified speaker recording] In regard to tractors, for example, we must prepare approximately 8,000 for long-term storage, as well as a similar number of diverse transportation vehicles. There are also approximately 10,000 implements. [end recording]

The decision to put away and preserve these resources, in addition to material limitations, was made based on the existence of more efficient forms of organization in Cuban agriculture such as the Basic Cooperative Production Units and the Youth Labor Army integrated farms. In this manner, the Minag's productive plans for 1994 are not compromised.

The process of preservation and storage will be conducted by the enterprises which will result in a rational use of available resources and the reorganization and betterment of their technical assistance network. It was announced at the demonstration class on preservation held in Guantanamo that the Minag provincial office recommended stopping 40 percent of its machinery, half its transportation vehicles, and 30 percent of its implements.

It is a matter of preservation now to conserve for the future.

### **Robaina Returns From Latin American Tour**

PA2004135594 Havana Radio Havana Cuba in Spanish  
1300 GMT 20 Apr 94

[From the "Morning Information Review" newscast]

[Text] Returning from a Latin American tour last night, Cuban Foreign Minister Roberto Robaina said our country cannot wait for the normalization of relations with the United States to take into account citizens who live abroad. The merit of this meeting with emigres lies in the fact that even in abnormal conditions, Cubans from inside and outside the country have decided to hold a dialogue to resolve their common concerns, Robaina said.

Robaina said that during his Latin American tour, he confirmed there is concern among Cuban emigres and residents of the countries he visited over the critical situation of the Cuban economy and interest in helping the country resolve it.

### **Says South American Tour Successful**

FL2004210994 Havana Radio Reloj Network in Spanish 1930 GMT 20 Apr 94

[Text] Cuban Foreign Minister Roberto Robaina has returned to the country. He considered the visit to four South American countries positive; he had a chance to explain the Cuban situation and to learn something of the situation on the continent.

Upon returning to Havana, Robaina told PRENSA LATINA that this tour has permitted the opening of new channels in Cuban communications with Latin America, which he defined as the first Cuban priority in the world. Latin America is important to us, not only to the extent that we politically agree to a dialogue or trade, but also to the extent that we may find a way to develop our economic relations with the world, Robaina said.

Answering a question on the debt of the American continent, Robaina said that most countries are today trying to renegotiate their debts, but that Cuba has neither the necessary money nor the possibilities of paying it, he said.

Returning to the country last night after his successful tour of South America, Robaina said that among Cuba's possibilities, there is nothing more important than promoting the country's economic reactivation and increasing exports to help the country recover from its current situation.

He added that although some government structures of the countries he visited wanted to discuss the debt issue, the businessmen decided to discuss other matters they considered more important.

The Cuban foreign minister met with hundreds of businessmen who expressed interest in investment possibilities, legal and financial guarantees, and areas that could be negotiated with our country.

Concerning his visit to Argentina, Robaina said that relations between Cuba and Argentina have not changed, especially because Cuba has remained unaffected by any public statement by Buenos Aires officials.

### **Peruvian Minister on Purchasing Pharmaceuticals**

FL2004140794 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 20 Apr 94

[Text] On 19 April, Peruvian Public Health Minister Jaime Freundt-Thurne announced that the Peruvian Government is studying the possibility of broadening and strengthening commercial ties with Cuba by purchasing Cuban-made medicines. Freundt-Thurne stated that both the Cuban health system and pharmaceutical industry were excellent despite the difficulties Cuba is currently experiencing.

Freundt-Thurne, who is visiting Cuba by invitation of Cuban Public Health Minister Julio Teja, told Teja that Peru wants to broaden ties with Cuba.

### **Brazilian Health Ministry To Import Vaccine**

FL2004204694 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Apr 94

[Text] Brazilian Health Minister Henrique Santillo has announced in Rio de Janeiro that he is holding talks with Cuba in order to import the meningococcal meningitis vaccine, the only of its kind in the world. The objective of his ministry is to conduct a vaccination campaign in Rio de Janeiro, where, even though there is no epidemic, meningitis has already taken the lives of 10 infants this year alone. Santillo also stated that the vaccination will be conducted in Brazil as soon as possible.

Santillo went on to say that there are cases of meningococcal meningitis in many nations. He also acknowledged the effectiveness of the Cuban-made medicine to counter this illness.

### **Brazilian President Receives Ambassador**

FL2004124594 Havana Radio Progreso Network in Spanish 1100 GMT 20 Apr 94

[Text] On 19 April, Brazilian President Itamar Franco received new Cuban Ambassador Ramon Sanchez-Parodi who presented his credentials during a high-level ceremony at the government seat in Brasilia. Sanchez-Parodi conveyed to President Itamar a message of friendship from Cuban President Fidel Castro and Franco, likewise, sent greetings to Castro.

### **Divorce, Marriage Statistics Reported**

94CA0094A Mexico City PROCESO in Spanish No 903, 21 Feb 94 pp 58-60

[Article by Homero Campa]

[Excerpt] Havana—[passage omitted]

### Love in Times of the Special Period

The studies titled "Preliminary Analysis of Consensual Unions in Cuba" and "Characterization of Some Trends in the Formation of Couples and Families in the Young Population," written by the Family Task Force of the Center for Psychological and Sociological Research (CIPS) of the Cuban Academy of Sciences, and statistics from the United Nations Population Fund (UNPF) reveal some facts on love and couple relations among young people on the island.

Here are some of them:

In 1992 (by which time the crisis was already full blown), 191,800 couples got married, all in civil ceremonies. Church marriages are so rare that they do not appear in any statistics. (The Family Department of the Archbishopric of Havana estimates that there are about 2,000 in the entire country, which amounts to one percent of civil marriages.) The marriage rate is 18.2 per 1,000 inhabitants, a significant increase over the 7.1 per 1,000 reported in 1980.

The government gives each newlywed couple a package of goods and services that are difficult to obtain by other means these days: a wedding cake, three cases of beer, an order of "hors d'oeuvres," and a chance to go to a special store and buy products such as sheets, towels, irons, pressure cookers, underwear, etc. That is, if they are in stock.

In addition, for their honeymoon it gives them a reservation for two nights and three days at a hotel or house located on the beach.

On weekends, couples flock to Marriage Palaces—old mansions adapted for the purpose—and upon emerging, are greeted with hugs and kisses from small family groups. "We do not throw rice because there is none, but we do give out applause and congratulations," says Antonia Vazquez, mother of the 18-year-old bride Odalis Lugo, who is already on her second marriage.

The bride and groom usually wear wedding attire rented from the state. Recently, it also became possible for "private parties" to rent such clothing to make a living, at 350 pesos for a bridal gown (the monthly wage of a medical specialist) and 200 pesos for the groom's suit. Some couples also rent cars—1950's-era convertible Fairlans and Cadillacs decorated with balloons—that lead noisy caravans through the streets of Havana.

Although the increase in the number of weddings is considerable, it is not disturbing. According to the CIPS study, it is within worldwide norms. The significant thing is that for every 100 marriages, there are more than 80 couples living in common-law relationships; for every five married women, there are four living in common-law relationships. These "consensual unions" are particularly frequent among young people under the age of 20, and it is disturbing when they occur between teenagers under the age of 15; in the last decade there has been an

increase of 100 percent in these. In other words, many young people in Cuba do not believe in marriage.

In Cuba, according to the study, common-law relationships are concentrated in the eastern part of the island (Las Tunas, Holguin, Santiago de Cuba and Guantanamo), especially among mulattoes and mestizos and, in general, among low-income and unemployed persons.

### Love and Affection

But if marriage is easy in Cuba, divorce is even easier. All that is required is 100 pesos, the papers, and the presence of one of the spouses. Between 1955 (prior to the revolution) and 1988, the marriage rate multiplied 2.8 times. During that same period, the divorce rate increased 12.5-fold. According to data from the UNPF, there is one divorce for every four marriages. "Nowadays," says the CIPS study, "Cuba has one of the highest divorce rates in the world. It is 3.4 per 1,000 inhabitants, exceeded only by the United States (4.8) and Puerto Rico (4.2)."

Fifty percent of divorces occur within the first two years of the marriage, and in general, among young people under 30. Recently, youths between the ages of 15 and 20 have begun divorcing much more frequently, as much as five times more.

According to a CIPS study, young people who start families do not have enough information about contraceptives. The pregnancy rate among teenage girls is growing by the day. For every 1,000 women under the age of 20, there were 57.1 pregnancies. These women dropped out of school, became isolated from their contemporaries or were unable to spend free time with them, and "became detached from the political-social activities aimed at that age group."

Abortion is not prohibited in Cuba. Health authorities try to discourage women from using it as a birth-control method, and provide guidance to prevent pregnancy. Nevertheless, every day dozens of "regulations of the menstrual cycle" and "interruptions of pregnancies" are performed in maternity hospitals. Most of the women receiving them are under the age of 20. They go to these hospitals accompanied by their partners or their mothers.

The CIPS study states: "Abortion is a woman's right, but tolerance of its use as a contraceptive method poses an ethical problem that should be confronted by society, by the family, and by the couple themselves."

And it offers these statistics: "Forty-five percent of pregnancies are interrupted, and 81.8 abortions occur for every 100 deliveries."

Normally, marital conflicts between Cubans are due to the couple's lack of information, the lack of understanding of what marriage is all about, the young age of the spouses, and their limited education. Many weddings are "forced by the parents," and another factor is the

poor conditions in which the couples live: the shortage of funds, unemployment, the lack of a home of their own, and other conditions.

Indeed, the housing shortage is a decisive factor. In view of the lack of housing in Cuba, especially in Havana, newlyweds have to live as "add-ons"—that is the way Cubans say what we in Mexico call "keeping company"—with the parents of one of them. It is not rare for a small house to hold the parents, their single children, the married children and their spouses, and the grandchildren. [passage omitted]

### Haiti

#### Embassy Protesters Speak With U.S. Ambassador

FL2004173994 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Apr 94

[Text] There was a brief conversation on the morning of 19 April between the U.S. ambassador to Port-au-Prince and three officials of extreme-right organizations of lesser importance, including the Convergence of Mass Organizations, the Haitian Front for Democratic and Nationalist Organizations, and the Haitian People's Alliance. Those officials asked the Americans on 18 April to defend the honor of Haiti in view of France's arrogance. We are but a few minutes from the biggest power. We cannot tolerate our humiliation by France, they said during a sit-in. They were not admitted to the office of the ambassador on the morning of 19 April.

#### State Department Charged With Coup Complicity

FL2004173194 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Apr 94

[Text] The Movement of Young Patriots [MOJEP] calls on the healthy forces of the country to stand in the way of the stateless persons. Those who staged the coup wanted to create a situation favorable to drug trafficking, according to statements by a MOJEP official.

[Begin unidentified MOJEP official recording, in Creole] Press declaration by MOJEP: We in the coordinating body of MOJEP call on the Haitian people to (?understand) why the Haitian Army and parliament staged the coup d'etat. (?The reason why) all phony political leaders, senators, and deputies of the State Department have plotted against democracy in order to crush the people is to maintain thieves, drug dealers, and zenglendos [pejorative for those who carry out tasks for the Macoutes] within the Army and crooked dealers in the parliament. This is due to the fact that the State Department knows that if President Jean-Bertrand Aristide returns to power, it will not be able to lead properly the drug trafficking in the country. In that sense, MOJEP calls on all militants, people's organizations, and staunch political parties that side with the people to throw their support behind President Aristide's battle so democracy can be established in the country. [end recording]

#### Source Reports Transfers, Dismissals in Army

FL2004172294 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Apr 94

[Text] A source close to the General Headquarters of the Haitian Armed Forces [FADH] points out that transfers have been carried out within the military institution. Thus, Lieutenant Colonel Erwin Mehu has been transferred from the General Headquarters to occupy the post of commander of the Croix-des-Bouquets garrison, replacing Col. Mondesir Beaubrun who has been transferred to the General Headquarters. The source pointed out that Warrant Officer Lamour of the fourth company and another sergeant of the same garrison have been dismissed from the FADH and will be handed over to the justice department very soon. By the way, the source dismissed reports of the death of Warrant Officer Lamour following possible physical abuse, saying that the warrant officer is just fine.

#### Deputies Meet With Media Directors 19 Apr

FL2004231494 Port-au-Prince Radio Metropole in French 1045 GMT 20 Apr 94

[Text] The office of the Chamber of Deputies continued its consultations on 19 April. For the second consecutive day, the office of the Chamber, including Chamber President Frantz Robert Monde, met on 19 April, first with media directors, and later with Army authorities. The consultations were begun on 18 April by the Chamber of Deputies in an effort to find a solution and fill the political vacuum at the head of the executive. Edner Jean filed a report:

[Begin recording] [Jean] All the major media in the capital were present at this meeting. In their tete-a-tete with the office of the Chamber of Deputies, the representatives of the fourth power stressed their concerns, first as citizens, and further as journalists. They expressed their apprehension with respect to the future, whether the press would even exist, given the difficulties of functioning in such an environment. One of them pointed out that recent predictions regarding the complete disappearance of the press are being realized. Accustomed to reporting on the divergent positions of politicians, the media are well placed to understand that the solution to the crisis will not occur tomorrow.

President Frantz Robert Monde clearly expressed this on Tuesday, 19 April, while insisting on the increasingly urgent need to fill the vacuum in the post of prime minister.

From this consultation, the representatives of radio, print, and television emerged with the clear impression that the political decisionmakers are feeling hot and cold, while expecting the worst. Despite this pessimistic vision, the meeting was reportedly very fruitful. Let us listen successively to Max Chauvet from LE NOUVEL-LISTE, and Mario Viau Signal FM:



[Chauvet] Without being pessimistic, I would say there is still no opening for a solution.

[Jean] Did you make proposals to the president?

[Chauvet] No, we did not really make proposals to the president. We spoke more as Haitian citizens. We expressed our feelings. It is a very complicated problem. We tried to consider the problem from various points of view—from the political, economic, humanitarian, and other points of view. Frankly, I believe that the president of the Chamber wanted the feedback of what we thought. He received feedback from us, but I cannot say... [pauses] We did not discuss a particular plan. We would like the political sectors involved in the crisis to meet in order to defend the children of this country who are dying. It is necessary to do something, so we are asking that the antagonists, to save this country, hold a meeting about lifting the embargo on Haiti.

[Jean] Beyond these wishes, the media representatives refrained from giving their opinion on the current political debate in the country, a debate stuck between the parliamentary plan—application of Article 149 of the Constitution, as recommended by the office of Senator Bernard Sansaricq; or Article 148 of the Constitution.

The media have other questions to ask:

[Viau] The question is not which is the best solution, but which project will be accepted by the concerned parties. If it is not accepted by the concerned parties, it is difficult to implement. First of all, it is necessary to find a project that could get the approval of the concerned parties. That was our viewpoint. It is not a matter of finding that solution A is better than solution B, but which one will be accepted by all the parties, because finally, we had some proposals for a solution. They were all rejected. [end recording]

There are the directors of conscience, speaking after listening for too long to politicians.

### Salinas Assures of Respect for Workers Rights

PA2104035994 Mexico City UNOMASUNO in Spanish  
19 Apr 94 pp 1, 8

[Report by Patricia Hernandez G.]

[Text] President Carlos Salinas de Gortari said during the 75th anniversary of the International Labor Organization (ILO) that Mexico's entry into international economic arenas will take place with respect for traditional social politics, which constitutionally guarantee workers' rights.

"It is not a question of competing just for the sake of competing, but in order to boost the country's productive capability, with tangible benefit for Mexican workers," Salinas added.

The president said that in our country we have the force of law, the basis that guarantees compliance with social and labor rights. Much has been accomplished, but we know there is still much to do because there are still social needs and the requirements of isolated communities.

Salinas told labor representatives that training the work force is a strategic necessity. In Mexico, the worker comes first and is the subject of the change and purpose of the new arrangements to bolster quality of life and productivity.

In our country, Salinas said, workers are the basic element at the forefront of change. We inherited a sociopolitical tradition that cares especially for the rights of workers, and our Constitution clearly states that respect for their rights is an overriding and substantive aspect of development.

In a ceremony in the Manuel Avila Camacho room in Los Pinos Presidential Palace, Salinas de Gortari explained that Mexican social institutions are meant to guarantee the quality of life of their workers through access to medical services, dignified housing, adequate work conditions, participation in business utilities, and insured retirement savings.

Mexicans, he added, understand productivity as an essential element to make more effective our labor legislation guarantees. If our businesses are more competitive, there are more jobs, better wages, and job stability and viability are guaranteed.

Boosting productivity is fully compatible with the strictest respect for workers' rights. That is why we want to efficiently compete in the international market for goods and services, he said.

In addition, we have contributed to setting a worldwide precedent with NAFTA. We negotiated a special package of labor standards, respectful of the environment, always in agreement with our laws, and taking into account our labor laws, Salinas said.

Mexico—Salinas told the union representatives, businessmen, and workers—is a country that builds for the

21st century, to come out ahead in democracy and freedom, and compete efficiently in international markets.

We reaffirm the traditional links of cooperation between Mexico and the ILO by signing the Inter-Institutional Agreement for Agreed Actions [Acuerdo Interinstitucional para la Concertacion de Acciones] between the Labor and Social Welfare Secretariat and the ILO. The agreement is part of the new policies of cooperation with the ILO with the creation of more effective agreement mechanisms to raise the workers' quality of life and labor.

Labor Secretary Arsenio Farell Cubillas said that the ILO, which has its own legal basis, is part of the state of law that keeps tabs on all political organizations in society.

Also present were Emilio Morgado, acting director of the regional ILO office for Latin America; Fidel Velazquez, secretary general of the Confederation of Mexican Workers; and Genaro Borrego, director IMSS [Mexican Social Security Institute].

### Government, CEOIC Reach Agreements in Chiapas

PA2104004994 Mexico City LA JORNADA in Spanish  
15 Apr 94 p 5

[Article by Juan Manuel Venegas]

[Text] The Agrarian Reform Secretariat [SRA] and the Chiapas State government have agreed that as long as the legal situation remains unsettled, peasant organizations in that entity will retain the lands they recovered in the past three months that, according to peasant leaders, represent approximately 100,000 hectares.

Meanwhile, the State Council of the Indian and Peasant Organizations (CEOIC) has promised to refrain from promoting further occupation of land and, as established in the document, "to abide by the law should an occupation occur on or after 15 April 1994."

This agreement will be valid for two months. During that time, an executive commission will be formed. The commission will be comprised of representatives of the agrarian reform, agriculture, social development, government secretariats; the Chiapas State government; the CEOIC; small landowners; and interested peasant groups. Together, the representatives will study the situation of each of the properties occupied by CEOIC groups.

After the study has been completed, the commission will establish the legal status of the lands and decide on its ownership in a manner "that will be fair and satisfactory for all parties involved."

In addition, the Agrarian Plural Commission [Comision Plural Agraria] will handle "all pending matters regarding the rural backwardness of each of the CEOIC organizations. A strict schedule will be set and respected

by all parties involved, and the mechanisms for human, technical, and social requirements that will speed up the solution will be established."

Likewise, Chiapas Governor Javier Lopez Moreno said that his office will advise the district attorney's office to "suspend all arrest warrants against those involved in the agrarian struggles." Lopez Moreno said that they will "examine" the current situation of human rights activist Enrique Perez Lopez who was arrested on Sunday.

The agreement was signed last night by SAR Secretary Victor Cervera Pacheco, Chiapas Governor Javier Lopez Moreno, Government Deputy Secretary Jose Narro Robles, and representatives of 22 CEOIC organizations following an over six-hour meeting—from 1700 until after 2300—at the SAR offices.

In conclusion, it was established that to avoid further occupations of land and to attend to new requests for land, the governor, a CEOIC representative, and a small landowners representative will meet in Tuxtla Gutierrez soon to "examine the agrarian situation and jointly suggest new alternatives for the solution of the problems." A bank official, as well as federal and state officials involved in agrarian matters, will also be invited to the meeting.

Meanwhile, it was learned that CEOIC and the Zapata Lives National Liberation Coordinating Board will march from the Zocalo to the Chamber of Deputies headquarters to demand changes to Article 27 of the Constitution.

### Report Details PRI Internal Strife

PA2104025294 Mexico City EL FINANCIERO in Spanish 15 Apr 94 pp 42, 40

[Report by Jesus Sanchez]

[Text] A risky step backward. It is barely discernible, but the internal confrontation within the PRI [Institutional Revolutionary Party] is devastating.

The changes following Luis Donaldo Colosio's assassination have not been easy. Representatives of the political class, including the dinosaurs and the technocrats, have been conducting tough negotiations surrounding the presidential candidacy of Ernesto Zedillo to ensure the survival of the Colosio and the PRI political program.

Just hours after the Lomas Taurinas crime, confusion was the recurring factor in the process to choose Zedillo.

Low blows and unorganized promotion campaigns. Unintentionally, according to his helpers and political companions, Amador Rodriguez Lozano [head of the PRI Secretariat for Electoral Action] was brought face to face with President Salinas and Zedillo: the intention was none other than to make it appear as if Fernando Ortiz Arana was trying to slip everybody a fast one.

But days before his death, Colosio had decided to make changes in the PRI leadership. During Holy Week, Cesar Augusto Santiago, a friend of Colosio and Ortiz Arana, was expected to replace Jose Luis Lamadrid Sauza as PRI secretary general.

During those days Ortiz Arana had been the target of a campaign to remove him from the PRI national leadership; the campaign was ordered by the Xola government offices. This campaign announced the nomination of Emilio Gamboa Patron or Carlos Hank Gonzalez, or the natural transition to Francisco Ruiz Massieu.

With Colosio's death, his followers became the weakest group within the PRI and the non-Colosio groups started to settle accounts, given their previous status as underdogs.

### The Groups

The Zedillo team was quick to open its way among the Colosio followers.

The stamp of the new team is Hankism [referring to Carlos Hank Gonzalez], the powerful group with roots in Atlacomulco. Former Governors Ignacio Pichardo Pagaza and Alfredo Baranda (who only had a brief dream of becoming Santiago Onate's successor; instead, Jose Angel Gurria won by a nose) in addition to former government secretary general Humberto Lira Mora, were to take up key positions to give the campaign a different style from that of Colosio.

Jose Luis Lamadrid Sauza—a member of the compact group created by Jose Cordoba Montoya—to which Zedillo also belongs, was removed from the maelstrom and placed out of the reach of criticism: into the presidency of the Consultative Committee of the Change 21 Foundation, now called the Luis Donaldo Colosio Foundation, a job that was specially created for the Jalisco State senator.

Amador Rodriguez Lozano, tasked with the PRI's electoral program—created by Cesar Augusto Santiago five years ago—was appointed Zedillo's adviser. In turn, Rodriguez was replaced by Humberto Lira Mora, from Mexico State.

Liebano Saenz—a native of Chihuahua State who wants to become a senator or governor—was removed from Information and Propaganda and became Zedillo's private secretary, which will help him achieve his objectives.

Santiago Onate Laborde, a well-known jurist who worked in the Secretariat for International Affairs, was neutralized by placing him in charge of the Office of the Presidency, a post that he took over without the power of Cordoba Montoya. Onate is a key member of the Colosio group.

### The Internal Crisis

Information provided to EL FINANCIERO by several key actors allows one to ascertain that the recomposition of the Zedillo team has generated a severe internal crisis within the PRI.

In the offices of the Secretariat for Electoral Action the afternoon of Thursday 24 March, Hector Landeros—a mechanical engineer who admires Manuel Camacho, is loyal to Javier Garcia Paniagua, and is tasked with legitimizing the topics and coordinating the debates of the PRI electoral program—issued an order to the personnel who were working at the time in the operations center of what is known nowadays as electoral engineering.

The order was: Call everyone you know and tell them that we must support Ortiz Arana.

Jesus Perez Pinon—an electoral design specialist who friends say has good intentions—eagerly began the task of promoting Ortiz Arana as the presidential candidate, even though this had not been ordered by Amador Rodriguez. Hipolito Garnica followed suit.

Faxes and photocopies of a document were also issued by that office [Electoral Action Secretariat] giving six reasons why Ortiz Arana should be nominated presidential candidate.

"Because he is our symbol

"Because Ortiz Arana is and represents change

"Because he, and only he, is our presidential candidate."

The document was prepared on a computer. It carried the PRI logo crossed with the date 21 August [date of Mexican elections] and the words "Colosio yes" on the upper right side. It was sent via fax to some state leadership committees.

One of [Amador] Rodriguez Lozano's aides, who refused to support the campaign "because there were no instructions from our boss, Amador," said that from the CEN presidency, Ortiz Arana stopped "the strange" campaign.

Sources that were consulted assure us that Amador Rodriguez did not contrive this campaign; "it was handled clumsily," the informants say. First of all because the Colosist team knew the decision would fall on Ernesto Zedillo, who is from the same region as Rodriguez Lozano. The PRI electoral program had been drawn up throughout nearly five years, led by Colosio and designed by the team at that time of Cesar Augusto Santiago Ramirez, from Chiapas.

Rodriguez Lozano was left heading the PRI electoral program, which had been tested in the 1991 federal elections and the elections in Mexico, Yucatan, and Morelos States.

The Baja California deputy aspired to a Senate seat from his state. With Zedillo's appointment, Rodriguez Lozano would not only have implemented the designed and

tested electoral program but his aspirations would have been fulfilled without difficulty.

Nevertheless, the "inexplicable" promotion campaign not only brought Rodriguez Lozano face to face with Zedillo and President Salinas, but also exposed Ortiz Arana.

The truth is that the appeals to the state leadership committees created a climate of confusion among the PRI members.

### Ortiz Arana, Securing Support

Hours after Colosio's assassination, reporters spoke with Ortiz Arana. It was clear that the only possible formulas for the presidential candidacy were Zedillo and Ortiz Arana. In Dolores pantheon, Ortiz Arana commented:

Believe me, boys, the only thing I aspire to in my political career is the Senate of the republic and to govern my state. I do not want to be a presidential candidate. As PRI president, I would not want to have an advantage over anyone. The country and their stability are above anything else.

Ortiz ruled himself out on the morning of 29 March. Hours earlier he had secured the support of 69 members of the National Political Council to oppose a possible reform of constitutional Article 82, which paradoxically was ready in Los Pinos.

A high-ranking PRI member said that if Article 82 had been reformed, the array of possible candidates to replace Colosio would have been so broad that the PRI would have crumpled until it fell apart.

Other negotiations were held as events developed. Ortiz Arana owes his political career to his ability, but also to the loyalty and trust of the president of the republic. He was leader of the Assembly for Salinas, chief of the PRI legislative faction with the approval of the president, and PRI national leader also because of the president.

The opinion of the governors was controlled by the president of the Republic. The consensus of the old political class still had to be secured.

The governors helped secure an agreement suggested by Salinas to obtain public support for Zedillo's candidacy from former government secretaries, including Javier Garcia Paniagua, Francisco Merino Rabago, Antonio Ortiz Mena, and Carlos Tello Macias.

It was up to Ortiz Arana to obtain public support from some 80 former governors, who had already committed themselves to publicly supporting Colosio. They now did so for Zedillo.

The campaigns against Ortiz Arana continue, and now the rumors talk of Pichardo Pagaza's quick ascent to the PRI national presidency and Esteban Moctezuma's ascent to the secretary general's post. Such advances would show that the Colosists had been displaced.



**Poll Shows Zedillo in Lead, Followed by Cardenas**  
PA2004231794 Mexico City NOTIMEX in Spanish  
2147 GMT 18 Apr 94

[Text] Mexico City, 18 Apr (NOTIMEX)—Ernesto Zedillo, presidential candidate for the ruling Institutional Revolutionary Party (PRI), is ahead of his opponents with 45.4 percent of voter preference, according to a study released today.

A poll conducted by the S.C. Opinion Study Cabinet [Gabinete de Estudios de Opinion S.C.] reported that Zedillo was followed by Cuauhtemoc Cardenas, candidate for the Democratic Revolutionary Party, and Diego Fernandez de Cevallos of the National Action Party with 11.4 and 8.9 percent, respectively. The other six candidates obtained 6.7 percent support, while 27.6 percent of the voters have not reached a final decision.

Elections will be held on 21 August in Mexico to choose the next president of the republic and to renew the Chambers of Deputies and Senators.

The third preelection poll published this Monday by EL NACIONAL newspaper revealed that there is confidence in the electoral register and that people feel voting will be respected in the upcoming elections.

As part of the 63-question survey, some 1,100 people were polled in 17 states throughout the country between 7 and 10 April, in accordance with a multi-period [polietapico] survey through which it was inferred that 75 percent of those polled considered the new electoral register reliable.

Zedillo, who replaced former PRI presidential candidate Luis Donaldo Colosio—murdered on 23 March in the border town of Tijuana—"enjoys the support of a clear majority of the supporters of the ruling party," the newspaper reported. "Despite the magnitude of the tragic events leading to the assassination of Colosio, the voting intentions of citizens were hardly affected," EL NACIONAL added.

Marcela Lombardo of the Popular Socialist Party, Rafael Aguila for the Cardenist Front for National Reconstruction Party, and Jorge Gonzalez for Mexican Green Ecologist Party are also participating in the elections, as are Alvaro Peraza for the Authentic Party of the Mexican Revolution, Cecilia Soto for the Labor Party, and Pablo Emilio Madero for the National Opposition Union.

The survey also found that 53 percent of those polled termed President Salinas' administration positive, while 7 percent described it as unfavorable.

**Details of Ciudad Juarez Contraband Operation**  
PA2104032394 Mexico City EL FINANCIERO in Spanish 13 Apr 94 pp 1, 19

[Report by Carlos Vigueras]

[Text] Ciudad Juarez, Chihuahua, 12 Apr—In the new era of NAFTA, contraband continues to be a burden to the detriment of the national economy and to the benefit of informal trade, which grows uncontrollably under the protection of organized contraband mafias, the customs authorities themselves, and politicians in top government positions who protect smugglers.

At the culmination of this six-year period is a country overrun by uncertainty, in an infrastructure of customs corruption, interwoven in a vicious circle that includes merchants, businessmen, and authorities who protect it—a system that has remained untouched, surviving the ups and downs of international trade as confirmed by the fact that in only one of the sections of corruption rampant in Ciudad Juarez, approximately \$800 million a year in illegal goods are imported from duty-free stores in EL Paso.

Customs corruption is so extensive that it is possible to illegally import whole containers loaded with beans, poultry, lard, lubricating oil, new or old tires, potatoes, used clothes, furniture, used vehicles, tools, toys, textiles, household appliances, computer equipment, spare parts, or any other item that can result in profits, which in turn extends from the lowest to the highest officials within the Finance and Public Credit Secretariat.

It has been pointed out that the uncontrolled import of illegal goods originating from the United States is a blatant example of covert impunity. It is also been said that this impunity is being encouraged by Finance Secretariat officials despite numerous complaints to this effect filed by private sources.

However, this is only a sample of the lucrative business that extends from Reynosa all the way up to Tijuana and includes the 18 Mexican border customs posts which, far from defending the extensive border, merely proceed to get rich during the "year of Hidalgo." According to a study entitled "Mexico-USA, the Border of Poverty," this activity paves the way for scandalous tax evasion involving millions, thus blocking the country's development.

The study reveals that during 1993, according to preliminary estimates, the illegal importation of U.S., European, and Asian-made goods originating from the United States, all on the fringe of legal import activities between both countries, could have totaled nearly \$20 billion. This amount fosters the large market dominated by an underground economy controlled by a contraband mafia headed by well-known businessmen and corrupt politicians who have leased the border to the detriment of the country's tax revenues and even its development.

It has been possible to establish that outside the El Paso duty-free stores, near Ciudad Juarez's international Reforma Bridge, vans bearing Chihuahua, Texas, and New Mexico license plates transport an alarming quantity of goods to Mexico on a daily basis. These vehicles are loaded to capacity, and the Ciudad Juarez customs authorities normally accept bribes ranging between

\$3,000 and \$5,000 per vehicle. Approximately 50 vans pass through this international bridge daily.

It is a well-known fact that Mexican citizens returning from the United States through this point are allowed by the Finance and Public Credit Secretariat to import \$50 per person duty-free. Nonetheless, vehicles transporting contraband tend to smuggle amounts sometimes totaling up to \$100,000 per vehicle. Considering the cost of some goods imported legally such as Rolex watches, costing somewhere between \$2,000 and \$10,000, or other expensive products independent of the large volume of jewelry, perfumes, wines, and liquors, this adds up to enormous sums of money." [quotation mark as published]

This does not even take into account that the Reforma Bridge lacks import facilities, and therefore, they have no reason to cross this bridge. The analysis by the Mexican-U.S. Center for Border Studies reveals that several mafias control contraband of various types with profit margins of up to 70 percent as is the case with liquor, expensive watches like Rolexes, and other products purchased at duty-free shops brought from the United States under preferential tariffs. The former is the case of the English whiskey Johnny Walker, Spanish brandies, and sophisticated French liquors. It adds that border transactions of this type make their profits mainly from catering to a select Mexican clientele that buys the goods wholesale to resell them to a special group.

The study emphasizes that luxury watches from England, Switzerland, and other European countries, like the famous Rolex, are purchased according to the taste of select Mexican buyers, who obtain the merchandise through the contraband kings with the respective profits. The same process applies to expensive French perfumes, which can only be found in Mexican shops at exorbitant prices, and to a huge amount of jewels. However, the study reveals that computers and electric appliances represent a larger volume compared to the over \$42 million a year earned from the consumption of cigarettes from the United States and other European countries.

Regarding the expensive liquors that yield profit margins of over 70 percent, it is estimated that some \$150 million worth of wines and liquors of the most prestigious worldwide brands—bought at the so-called duty free shops in El Paso, Texas—cross this border. This is a common occurrence, to a smaller or a greater extent, at other points along the U.S.-Mexican border that also cater to the finest demands of Mexican consumers in a specialized manner.

Some 200 or 300 vans known as "venaditas" pay customs officials some \$60,000 daily, and each vehicle pays between \$200 and \$300 to introduce merchandise illegally into Mexico.

Sources for this information are public complaints, in addition to thorough journalistic investigation that graphically shows vans filled with food products, motor oil, and other products that are being taken to a warehouse in Ciudad Juarez. These products are mainly picked up by the Economy Cash and Carry company, which belongs to Mike Dipp, a wealthy businessman, and his associates. Current investigations reveal that the customs office in Ciudad Juarez is one of the leading ones nationwide in allowing the entry of condoned contraband, and that customs official Carlos Aguilar is certainly aware that the goods ["poilas"] are picked up daily from the three international bridges on the border between Ciudad Juarez and Texas. Of the three bridges, the San Geronimo Bridge—which borders New Mexico—is the most widely used because it has little surveillance and customs officials are not at risk of being seen by occasional local tourists.

Finally, the study points to customs administrators in Ciudad Juarez, Carlos Aguilar and Luis Manuel Terrazas—who is currently the customs administrator in Nuevo Laredo—as officials who have established a chain from Ciudad Juarez to the border to ensure their absolute control of the contraband stemming from Texas, the leading exporting state in the United States. Texas exported \$23 million in 1993.

This situation has created a network of nepotism within customs personnel on both sides of the border and resulted in the blatant enrichment of their families since they assumed their posts since Carlos Aguilar and Luis Manuel Terrazas have formed a monopoly [un enroque de puestos].

#### **Dumping Probe Initiated Against Japanese Firms**

OW2104040094 Tokyo KYODO in English 0216 GMT 21 Apr 94

[Text] Mexico City, April 20 KYODO—Mexico's Trade Ministry said Wednesday [20 April] it has begun an investigation into alleged dumping of sulfuric acid, used in fertilizer production, by seven foreign companies, including five Japanese concerns.

The five Japanese companies include Dow Mining Co., Mitsubishi Materials Corp., and Japan Energy Corp. The names of the two other Japanese concerns were not known immediately.

The ministry said the five Japanese firms are alleged to have shipped sulfuric acid for fertilizer use at prices below fair value between January and June in 1993.

During the period, the value of sulfuric acid imported from Japan fell by 13 percent, the ministry said.

The ministry did not disclose other details.

## Costa Rica

### Presidency Minister Denies Ties With U.S. Poor

PA2104001494 Panama City ACAN in Spanish 2125 GMT 20 Apr 94

[Text] San Jose, 20 Apr (ACAN-EFE)—Costa Rican Presidency Minister Rolando Lacle today denied that relations between his country and the United States suffered a serious setback during the current administration, as various sectors claim.

Lacle said that "we have enjoyed good relations" with the United States, despite "certain discrepancies" following the expropriation of a farm in northern Costa Rica from a U.S. citizen who asked that the United States apply sanctions against Costa Rica. This sanction aimed freezing a \$250 million IDB loan at the beginning of 1993, an idea that was finally vetoed in Costa Rica's favor following intense diplomatic efforts by San Jose.

The Santa Elena Hacienda, comprised of 15,000 hectares, is now part of a national park bordering Nicaragua. The property is claimed by John Hamilton. By mutual consent the case has been submitted to international arbitration in order to establish its true value 15 years after its confiscation.

Another incident that created tension between Costa Rica and the United States was a claim by U.S. trade unions about alleged labor right violations by Costa Rican authorities. Following negotiations, Costa Rica managed to have the charges dropped, which had been filed with the U.S. commerce secretary. In exchange, Costa Rica promised to support a series of labor reforms, some of which are still being discussed by the Legislative Assembly, where they face strong opposition from certain deputies and chambers of commerce.

The Costa Rican Government, headed by Social Christian Rafael Angel Calderon, ends its tenure on 8 May when Social Democrat Jose Maria Figueres takes office. Today, Figueres ends a visit to the United States where he has met with authorities.

## El Salvador

### ARENA Candidate Backs Reforms, Confident of Victory

PA2104023394 Panama City ACAN in Spanish 1625 GMT 16 Apr 94

[By Cristina Hasbun de Merino]

[Text] San Salvador, 16 Apr (ACAN-EFE)—Armando Calderon Sol, the government's candidate for the presidency of El Salvador, asserts that violence must be fought with "prompt and efficient" justice. That is why he supports the constitutional reforms currently being debated in the Legislative Assembly. In an interview

with ACAN-EFE, the candidate for the rightist Nationalist Republican Alliance (ARENA), said he knew an "independent justice" was needed to convince Salvadorans not to "take justice into their own hands."

A special Salvadoran parliamentary commission is currently studying several bills to reform the Constitution, including several reforms to the Judicial Branch, recommended by the Truth Commission that investigated human rights violations that occurred from 1980 until the signing of the peace agreements in 1992.

Calderon and Ruben Zamora, the candidate for the leftist coalition that includes the former guerrilla, will hold a runoff election on 24 April to determine who will occupy the presidency of the country for the next five years. A second electoral round is a constitutional requirement when none of the parties obtains an absolute majority of votes in the first round. This runoff must be disputed between the two parties that obtained the most votes.

"We approve of anything that will help us improve the administration of justice to consolidate the division of power in El Salvador as this is the linchpin of a democratic state," Calderon Sol stated. But he has also been one of the harshest critics of the Truth Commission's report. This organization, whose members were appointed by the United Nations with the support of the signers of the peace pacts, maintains that the Salvadoran judicial system is "extremely lacking" and, in addition to constitutional reforms at issue, recommended that all Supreme Court of Justice magistrates resign. But the magistrates continue in their posts, and if the reforms of the judicial system are not approved by the current Legislative Assembly, whose term ends on 30 April, they will be delayed at least four years because the reforms have to be approved by one parliament and ratified by the next.

Calderon Sol also said he was willing to back the postponement of the mandate of the "Joint Group," a special commission that investigates the existence of the "death squads," if it is requested, to ensure the group's effectiveness. At the suggestion of the United Nations, President Alfredo Cristiani installed the Joint Group on 8 December, after three main leaders of the former guerrilla, Farabundo Marti National Liberation Front [FMLN], were murdered. This group investigates the political murders committed since the peace agreement was signed in January 1992 and must submit a report to UN Secretary General Butrus Butrus-Ghali and Cristiani by the end of May.

"If they (the members of the Joint Group) ask for a postponement, it will have to be granted. They also have to be given support to increase their chances for positive results," Calderon, a 45-year-old lawyer and former San Salvador mayor, stated. He added: "We expect positive results to put an end to this situation, assign punishments, and clarify things. Only in this way will we be able to advance to freedom and democracy in our country."



We have to ensure that the groups that engage in selective violence are forever eradicated in El Salvador."

According to the Truth Commission's report, the "death squads" are ultra-rightist, clandestine groups formed by or having links to the military and financed by powerful businessmen, politicians, and landowners. Leaders of leftist political parties and organizations have asserted those violent groups are linked to ARENA members, and that is why the government has not acted firmly in the investigations. Cristiani and other officials have rejected such charges.

Calderon Sol exhorted people to "reject violence from every quarter," saying that he was sure to win the new elections which, he said, will ensure political stability in the country. Likewise, he manifested his confidence that the FMLN, which has become into the second-ranking parliamentary force since the 20 March elections, will mount "a loyal opposition and be able to show the world that it has effectively entered democratic life."

Calderon admitted the elections have given the former guerrillas "an important quota of power, as has been expressed in the ballot boxes, in parliamentary seats. Nobody denies the fact that it is strongly represented in the Legislative Assembly."

#### **Calderon Sol Could Garner 70 Percent of Vote**

PA2004132694 Paris AFP in Spanish 1720 GMT 19 Apr 94

[Text] San Salvador, 19 Apr (AFP)—Armando Calderon Sol, the right-wing presidential candidate for the ruling Nationalist Republican Alliance, could garner as much as 70 percent of the votes cast in next Sunday's runoff election in which he will vie for the presidency against Ruben Zamora, who was nominated by a leftist coalition, an Argentine polling firm announced on 19 April.

According to Mora y Araujo Noguera y Asociados, this figure is based on voter surveys conducted since August 1993. Some 1,200 people were surveyed in each poll with a margin of error of 3 percent.

The latest poll shows 52 percent of those polled expect to vote for Calderon Sol and 22 percent for Zamora. Over the past three weeks, support for the government of President Alfredo Cristiani, which has a positive support rating of 68 percent, has risen.

In the first round of the elections held on 20 March, Calderon received 49 percent of the vote, while Zamora garnered 25 percent. Zamora lost a great deal of support from December to January and has not been able to regain it, the report added. It also estimated voter participation will drop 10 percent compared to the first round in which 68 percent of eligible voters did not go to the polls, and another 6 percent were unable to vote, even though they tried to.

#### **COPAZ Describes Plans for Judicial Branch Reform**

PA2104015994 San Salvador Radio Cadena YSU in Spanish 1800 GMT 13 Apr 94

[From the "YSU Radio News" newscast]

[Text] A few minutes ago COPAZ [National Commission for the Consolidation of Peace] representatives presented proposals, already delivered to the Legislative Assembly, for the constitutional reforms recommended in the peace agreements. Marcos Balladares, National Conciliation Party representative to COPAZ, disclosed the result of the consensus COPAZ had reached to send this proposal to the Legislative Assembly within the framework of the implementation of constitutional reforms in our country.

[Begin recording] [Balladares] There are three areas. The first is in the Judicial Branch. A consensus has been reached to deliver to the honorable Legislative Assembly that which concerns judicial issues. That is: the Supreme Court of Justice should not appoint and dismiss the magistrates and the judges in the diverse institutions of the Judicial Branch.

Second, the National Council of the Judiciary should be in charge of making these appointments and these dismissals.

The third point is to review in a bit more detail the mechanisms of the National Council of the Judiciary's integration and its duties. This should be done in view of the new duties that the very National Council of the Judiciary may be awarded within these constitutional reforms. This is in relation to the the Judicial Branch, specifically concerning judges and magistrates. These are the agreements reached by consensus in COPAZ that have already been delivered to the Legislative Assembly.

There has also been consensus with regard to the attorneys. In this regard COPAZ agreed that it should definitely not be the Supreme Court of Justice that authorizes or suspends attorneys. This is an issue broadly debated in the diverse forums of our nation, and COPAZ has basically resolved that it should not be the Supreme Court of Justice that authorizes or suspends the attorneys.

On this point, however, COPAZ's proposal goes even further and is much more practical [words indistinct] indicating that this is a function equal to the medical profession's oversight board. This is another issue that has even been analyzed in other forums and by other institutions, given that the National Council of the Judiciary's, through its seven oversight boards, has been very effective in its operation and in its oversight of the associations. COPAZ considers this should be something similar to an oversight board that exists in the medical profession that should have those specific duties with regard to the attorneys.



As far as due process is concerned, there are some resolutions that COPAZ had taken that basically consist in reducing administrative detention provided for in [word indistinct] second, Article 13, from 62 to 48 hours. As you know when someone is detained by the administrative authorities, they have a maximum of 62 hours to be remanded over to the court. This is what is provided for in the Constitution. That is, administrative authorities have a maximum of 62 hours for this. Well, COPAZ's proposal is aimed at reducing this maximum of 62 hours to a maximum of 48 hours before being handed over to the court. This is also a resolution made by consensus that we think will help speed up the administration of justice in our country.

In another point related to due process in Article 14, administrative authorities no longer will have the power to impose sanctions, or [word indistinct] detentions against individuals. Currently... [pauses] here is a little background. In the previous Constitution the administrative authority could impose sanctions—of course after due process, before a procedure, and the handing down of a sentence. The administrative authority previously could order up to 30 days' detention. The 1983 Constitution reduced this period to 15 days. Therefore, the current Constitution provides that the administrative authority can impose detentions of up to 15 days. Well, COPAZ's proposal, through consensus, is that the administrative authorities can no longer issue any detention orders.

On this point, COPAZ has been specific and clear that there is an exception in this regard. This has also been communicated to the Legislative Assembly. That is, it is proposed that administrative authorities should not be able to issue detention orders except in the case of military jurisdiction and in the case of the National Civilian Police, when internal regulations are violated in those two institutions. [end recording]

## Guatemala

### Spokesman: President Has Support of Military

PA2004144994 Guatemala City Cadena de Emisoras Unidas in Spanish 1330 GMT 20 Mar 94

[Text] Presidential spokesman Felix Loarca Guzman has said that the president of the Republic has the military corps' support, and he added that reports disseminated yesterday in the capital and in certain military zones are merely rumors. He also said the president spent yesterday conducting business as usual, as any president would, including attending some meetings. One of the meetings was with the boy who will be the poster child for this year's telethon. The president later met with the finance minister and then worked on a message he will address to the nation, possibly today, because he could not do it yesterday, given several priority commitments, Loarca Guzman emphasized.

### President Dismisses Rumors of Coup at Bases

PA2104035394 Guatemala City LA REPUBLICA in Spanish 20 Apr 94 p 2

[Text] President Ramiro De Leon Carpio has downplayed rumors that five military bases had risen up in the interior of the country to topple him. "They are just rumors. I am calm," de Leon Carpio said during a long telephone conversation after the conclusion of a meeting with the economic cabinet to study the tax reforms package that may be submitted to the Congress on Thursday.

"I paid no attention to the rumors because they are just rumors," de Leon Carpio stressed, adding that the army is today more united than ever and helping provide security to the people, as was seen last night in the streets of this city. "Tonight, I reviewed the budget laws with several ministers of the economic cabinet, so I did not concern myself with those rumors since the people no longer believe them," the president indicated.

De Leon Carpio told LA REPUBLICA: "I do not care about those rumors," noting that the military institution has assumed with responsibility the job it must perform within the democratic process. "We have constitutional order here in Guatemala," he affirmed. "Today more than ever, the specter of a coup is far away because the army officers are behaving professionally within the process the country is going through," the president also said.

He indicated that this morning he will continue studying the package of economic measures, which he could announce tonight to the people of Guatemala. To conclude, de Leon Carpio said that on Thursday he will leave "with half the cabinet to resume the working visits to the interior of the country to see up close the problems of the people. This shows nothing is happening, that these are just ill-intended rumors that nobody believes."

### Bomb Explosions Disrupt Power Services

PA2004191894 Mexico City NOTIMEX in Spanish 1814 GMT 20 Apr 94

[Text] Guatemala City, 20 Apr (NOTIMEX)—Guatemala's National Police reported today that the explosion of two bombs, one in the capital and the other in the northern department of Quiche, disrupted electricity services.

According to the police, one of the bombs exploded Tuesday evening in a generator of the National Institute of Electrification in Quiche. Apparently, this bomb was placed by alleged members of the Guatemalan guerrilla forces operating in that region. A military patrol force has been sent to the area to search for them, but so far no one has been arrested, the source said.

The source reported that the other bomb exploded at a utility pole in the capital's southern Zone 13, briefly interrupting electricity services. The explosion destroyed the windows of a nearby residence.

Some residents of Pamplona, a Zone 13 neighborhood, reported that a few minutes before the explosion, a group of unidentified people were seen in a car near the area acting suspiciously. The police report they have initiated investigations to find the people responsible for the two attacks.

Last February, the guerrillas claimed responsibility for the destruction of six utility poles in Quiche Department and two more in the Guatemalan capital.

## Honduras

### Officials Note Need To Modify Treaty With U.S.

#### Reina Discusses Agreement

FA2004202794 Tegucigalpa Voz de Honduras Network  
in Spanish 1743 GMT 20 Apr 94

[Report by Roberto Reyes on interview with Honduran President Carlos Roberto Reina by unidentified reporters at the Government House in Tegucigalpa on 20 April—recorded]

[Text] We have remarks by President Carlos Roberto Reina referring to the Honduran Government's and Army's plan to modify the 40-year-old treaty dealing with U.S. military aid for Honduras. The president spoke about this initiative, which he said is not official. Asked why the Armed Forces rather than the executive branch took the initiative on this, he said the source of the initiative does not matter. Here is President Carlos Roberto Reina:

[Begin recording] [Reporter, in progress] ...the Honduran Government's initiative to modify the Military Assistance Treaty with the United States.

[Reina] Statements have been made. They are not official. The issue is going to be discussed by Honduran Government officials and also by the various government branches. These agreements were implemented at a time when there was a different situation in the world. It was the time of the Cold War and the polarization of states and minds. It is a phase that has been completely overcome. The new agenda is one of coming together in favor of mankind. At the right time, in agreement with U.S. Government representatives, we will sit down to review these agreements and treaties, some of which are very old, dating back 40 years. In this way, we will be able to update the forms of cooperation in all fields with the great democracy represented by the United States of America and its excellent president, Mr. Bill Clinton.

[Reporter] When would this take place? We spoke with the U.S. ambassador just a few moments ago, and he said they are ready to begin reviewing these agreements.

[Reina] If U.S. Government representatives, who are very honorably represented by Mr. Pryce, are ready, at any time you might hear news that we are sitting down to

review the agreements to which some protocols were added at times of great tension in Central America and the world.

[Reporter] What would [words indistinct].

[Reina] The subject is military. These are military agreements. Cooperation is now more directed toward human development. That is one way of beginning to address the problem of the military presence.

[Reporter] The question the people are most interested in is the issue of the Palmerola military base. Will this base continue to operate in Honduras or will the U.S. troops leave?

[Reina] We return to the same topic: the presence of that base, which is legally Honduran. Its name is the Soto Cano base. It is under the sponsorship of the Honduran Government. It was established at a time of great tension for Honduras and Central America. It is logical that we review and update the structure of cooperation. At that time, it was believed cooperation should be military, because tensions were so great.

We think that at present cooperation should involve other areas, such as environment, health, education, human rights, and drug trafficking. For example, we must not allow this scourge known as drug trafficking to continue to hurt Honduras. In this regard, I will say this to the ambassador and to you: We are your ally in waging a frontal assault against scourges that cause so much damage to humanity.

[Reporter] Mr. President, this has been interpreted as an initiative of the military institution and not of the executive branch, as it should be.

[Reina] A military issue is involved. They are also part of Honduras. They are an institution, constitutionally speaking. They took an initiative. Now is the time to resume discussions without innuendoes and without pulling out cards from under the table.

[Reporter] [question indistinct]

[Reina] They proposed a review. The ambassador said he agrees, and I also fully agree. The Congress must review this. I wonder if you recall—if you have a good memory—that there was much discussion when the protocols came up. In my opinion, those protocols should have been brought before the National Congress, because constitutionally speaking, military issues should be (?discussed) at the National Congress.

[Reporter] When will such a discussion take place?

[Reina] They will take place in more calm times, in times of less confrontation and very sincere cooperation.

[Reporter] [words indistinct] U.S. ambassador that there is a possibility that, once the Southern Command closes down, some soldiers from that base might be transferred to the Palmerola Base?

[Reina] I think you are moving ahead of the negotiations and discussions. This is theoretical. This issue should be discussed and its approval should be in keeping with the interests of our power [nuestro poder].

[Reporter] I would like to change the topic, Mr. President. How does the people's constant criticisms, justified or not, about the energy crisis facing the country harm or suffocate your government?

[Reina] It is unfair to criticize the government for this crisis. The government, which is only three months old, did not create this crisis. We are trying to resolve it quickly. This crisis is the result of mistakes made by several past administrations. We will not take revenge by claiming only the previous government made mistakes. Any lack of foresight and problems linked to the Francisco Morazan Dam must be resolved by this government. It is completely unfair to criticize the government for trying to resolve these problems.

[Reporter] [words indistinct] declare an emergency over this energy crisis, because the [words indistinct].

[Reina] I am not trying to lay blame. I am trying to say that it is unfair to criticize us, because we are trying to find a solution. I spoke to the minister of [word indistinct] today. The chief of the ENEE [National Enterprise for Electric Power] is abroad looking for aid from friendly countries. Everyone must help resolve this crisis.

Using this as a political tool against the government is totally unfair and absurd. We are the ones who will resolve this problem. We did not decree an emergency. There is an emergency because blackouts are seriously damaging the country's economy. We want to resolve this problem as soon as possible. This morning, I made some decisions to ensure [words indistinct] before 10 May.

[Reporter] [words indistinct] privileged areas.

[Reina] I have fought for justice all my life. I am not going to shy away from the problems of the Honduran people. [end recording]

#### Minister Calls Review 'Necessary'

PA2004172294 Tegucigalpa LA TRIBUNA in Spanish  
20 Apr 94 p 12

[Text] Foreign Minister Ernesto Paz Aguilar said yesterday that in light of the new global situation it is necessary to review the cooperation treaty Honduras and the United States signed in 1954 in order to redirect relations between the two allies.

He said: "We are in the post-Cold War period and priorities have changed. For this reason Honduras, through its legitimate authorities, must point out to the United States the new areas on which we must work."

These new areas, he said, are basically the struggle against drug trafficking and the control of illegal immigrants—something that can be checked under the circumstances of free economies, employment opportunities, and democracies capable of guaranteeing the human rights of the Central American people.

He noted that, personally he has always struggled to keep Honduras from becoming the backyard of a superpower. "We said this in the 1980's, and we say it now in the 1990's," he explained.

For the first time, he affirmed, the interests of the United States and those of Honduras and the rest of Central America coincide because there is a new government in the North American country and it has a new foreign policy.

The minister added that Honduras is now a mature nation ready to engage in a new relationship with the United States, adding that it is also ready to decide whether there is any sense in today's world for Palmerola Air Base to remain a platform for military operations at the regional level.

"On the contrary," he said, "it is necessary to turn Palmerola into a regional center for fighting drug trafficking, something that would benefit the United States as well as our countries."

The civilian utilization of the airstrip, which was designed for military purposes, cannot be ruled out. Minister Paz Aguilar said, "The only thing we would have to do to turn Palmerola into an airport in the country's central region is to invest in construction of a terminal."

The minister said such changes must be based on new attitudes. "We have to discuss the problem of immigration, because the Honduran people have quotas restricting their entry into the United States, and Eastern European citizens are finding it easier than the Latin Americans to enter the United States."

In conclusion, Minister Paz said no specific date has been set yet for reviewing the treaties, because the new phase of relations with the United States is just beginning.

#### Foreign Minister on Foreign Service, Treaty

PA2004201294 Tegucigalpa Voz de Honduras Network  
in Spanish 1743 GMT 20 Apr 94

[Report by Francisco Valeriano Giron on interview with Honduran Foreign Minister Ernesto Paz Aguilar by unidentified reporters at the Presidential Palace in Tegucigalpa; date not given]

[Excerpts] Voz de Honduras listeners, we approached Foreign Minister Ernesto Paz Aguilar to ask him about changes in the foreign service. He said that no decision has been made yet that the government will allow those ambassadors whose children are studying in the country where they are accredited to remain in office until the



school year is over. At that time, changes will be made. Let us hear what the foreign minister has to say about changes in the foreign service.

[Begin recording] [Paz Aguilar] No changes yet. The president will announce these changes at the appropriate time. On several occasions I have said the changes suggested have been on the president's desk for the past several weeks. [passage omitted]

[Reporter] Mr. Minister, Ambassador William Pryce has said that [words indistinct] analyze the 1954 treaty [word indistinct] military protocol [words indistinct].

[Paz Aguilar] We have said the 1954 treaty was signed as a result of the Cold War. The treaty was signed 40 years ago and it is necessary to revise it according to our current situation.

[Reporter] [words indistinct]

[Paz Aguilar] It will take a long time to discuss a revision. These talks would start when the president decides.

[Reporter] The Congress and the Armed Forces have already started talking about revising the treaty. Is a congressional ruling enough to revise the treaty or is a presidential decision necessary?

[Paz Aguilar] International law sets the procedures for revising a treaty. First, we must negotiate the revision. The negotiations are conducted by the executive branch. Then the Congress must ratify the treaty. After that [words indistinct].

[Reporter] [words indistinct]

[Paz Aguilar] I do not think all is bad. They have said that they hope the talks between Honduras and the United States [words indistinct].

[Reporter] [words indistinct]

[Paz Aguilar] We do not know. The president must decide. [end recording]

Those were statements made by Foreign Minister Ernesto Paz Aguilar on the revision of the 1954 Military Assistance Treaty with the United States. The minister explained the procedures for a situation of this nature. He was emphatic in stating the government has not made changes in the foreign service.

#### Armed Forces Commander Urges Treaty Review

PA2004175794 Tegucigalpa LA TRIBUNA in Spanish  
20 Apr 94 p 12

[Text] General Luis Alonso Discua, commander of the Armed Forces, yesterday admitted that the military has advised Congress to update the 1954 Military Assistance Treaty with the United States "to be consistent with the current situation."

The military chief indicated that every day U.S. economic aid is minimized and conditioned on various situations.

"It is assistance conditioned on many situations, even on sanctions by the U.S. Government, because of U.S. preoccupation with domestic policy. Nevertheless, I think the 1954 agreement is necessary," he said.

According to Gen. Discua, the state should review both the agreement and the two protocols signed by the two governments in subsequent years.

"The Armed Forces are proposing the review because we are no longer in the Cold War or an ideological war. In other words, the world situation has changed completely. Therefore, the agreements must be reviewed to update them according to the current situation," he commented.

Discua indicated that certain rules are established in these types of agreements. "We can see that in the treaty and in the protocols there are many things that no longer agree with current times," he added.

He explained that the military wants to update the documents to see what commitments Honduras has as a state as a result of the military aid.

"We are not asking for benefits. I think the rules of the game have already been established. The U.S. Government has been very clear by reducing defense expenditures," he indicated.

"Treaties are no longer bilateral agreements but multi-lateral agreements on integration and globalization. In other words, it is a new foreign policy," he added.

For the military chief, the treaties signed in the 1950's reflect a clear anticommunist position to strengthen democracy and to cope with the Cold War and the ideological war. The U.S. Government has set the rules of the game by promoting the changes, he said.

Asked whether the Armed Forces favor a military presence in Palmerola, he indicated that "they state that it is the will and they are at the disposal of the Honduran Government and policy." [sentence as published]

"We are now advising Congress to analyze this agreement, without violating international regulations and laws, and without seeking confrontation," he said.

"We want the agreement to be updated in accordance with the new U.S. political agenda for the region and for Honduras. I think that is fair," he stressed.

He recalled that the Armed Forces have presented to the legislative branch a suggestion. "We clearly understand that it is up to the civilian power to decide what it wants or what should be done," he added.



**Congress President Supports Review**

PA2004175894 Tegucigalpa LA TRIBUNA in Spanish  
20 Apr 94 p 56

[Text] Although National Congress President Carlos Roberto Flores has explained that any action involving the military treaty signed with the United States in 1954 concerns the president of the Republic, he stated on 19 April that it is important for the treaty to be discussed, because it may no longer reflect the current situation.

Flores revealed that so far he has only received unofficial information regarding the intention of General Discua, commander in chief of the Armed Forces and head of the Supreme Council of the Armed Forces, to seek a rejection of the treaty.

Flores said, "The president is the one who has jurisdiction and responsibility for negotiating international agreements and treaties, and any action in this regard concerns him."

Flores explained that the matter is being discussed by the executive branch and will not be taken up by the legislative branch until the executive reaches a decision and informs Congress officially. He also said the correct term in this case is to reject [denunciar] the treaty—an action that includes discussing possible disagreements and conveying any criticisms to the other nation.

Flores added: "The Armed Forces are part of the executive branch, and any idea must be discussed with the constitutional president and other branches such as the legislative branch." Asked whether the treaty is truly obsolete, as argued by Gen. Luis Alonso Discua, Flores replied that circumstances that prevailed years ago no longer exist.

Flores noted: "In the past decade, Central America was subject to different pressures, conflicts, and domestic problems. Governments outside the realm of de jure states, political disputes, and related situations no longer exist at this time, because all of the governments have been elected by popular vote."

He concluded: "The situation has changed radically."

**Nicaragua****Sandinist Ramirez Discusses Party Division, Presidential Aspirations**

PA2004231994 Managua LA PRENSA in Spanish  
15 Apr 94 p 2

[Report by Cesar Ubeda Bravo]

[Text] "I will never believe that one Sandinist is capable of killing another, because I have faith in the loyalty and honesty of my comrades. Nevertheless, I also believe that reckless statements should not be made at Sandinist departmental meetings, not even jokingly, because they are in bad taste," Sergio Ramirez said yesterday.

Last week, LA PRENSA reported that supporters of Daniel Ortega recommended during a departmental meeting in Leon that the leaders who did not agree with the current orthodox leadership of the party be killed [eliminar fisicamente].

"I heard these rumors, and Monica Baltodano (of the so-called Pikin Guerrero trend) informed me this was a joke. We discussed this matter in the Sandinist Assembly, and I expressed my opposition to this kind of thing," stressed Ramirez, who has been the target of attacks by sectors close to Ortega.

Ramirez said it is dangerous to enter into confrontation within the FSLN [Sandinist National Liberation Front] because, according to him, this could create "difficult" situations for those people who are the targets of the attacks.

"If they insist on insults and accusations—such as selling out to imperialism, or selling out to the right—this indeed creates a tense atmosphere that is somehow dangerous," asserted Ramirez, who is a member of the FSLN National Directorate. He added that he condemns this kind of behavior "in both currents."

"I recently heard on a radio program (Radio Ya) that I was a cancerous member in a healthy body (FSLN), and that I should therefore be cut out of the body. I do not know what they were implying by saying that I be cut out," Ramirez complained, reiterating his belief that ideas should be discussed with respect and not with insults.

Sergio Ramirez and Daniel Ortega are the individuals who currently lead two currents of opinion struggling to control the FSLN.

Political observers have termed Ramirez's supporters "moderates," while the followers of the FSLN secretary general have been labeled "hardliners and orthodox."

Also, Ramirez, former vice president of the Republic, reiterated his presidential aspirations for the 1996 elections, in response to a reporter's question.

"My categorical answer is yes, because it is a right bequeathed by the Nicaraguan Constitution. I have legitimate aspirations like everyone else," Ramirez stressed.

Later, Ramirez, leader of the Sandinist legislative wing, suggested that the FSLN presidential candidate come from the party's rank-and-file and be chosen in primary elections "not by a small group." His statement came in open defiance of the election system that has traditionally existed within his party.

Months ago, Ramirez stated his presidential aspirations to the FSLN National Directorate. This resulted in pro-Ortega media, in particular Radio Ya and Radio La Primerisima, launching a severe campaign to discredit and insult him.

"I do not aspire to run for vice president, because I have already outgrown such a position," Ramirez asserted categorically.

"I want all Sandinists to understand that I will not leave the FSLN, even if the current I support turns out to be the minority. I will continue to be a Sandinist, either within the leadership or the rank-and-file," Ramirez remarked.

At this point, with a little more than a month before the party's Congress (20 May), Ramirez indicated he has reserved the right to run for leadership positions within the FSLN. Sergio Ramirez believes the rights of individuals should be respected. "No one is authorized to tell others what they must do," he continued.

Ramirez made the aforementioned statements within the context of a struggle for control of the party—a struggle in which people close to Ortega leaked a list of candidates to join the expanded National Directorate. Sergio Ramirez and Luis Carrion, promoters of the renewal of the FSLN, have been "purged" from this list.

Yesterday, Daniel Ortega declared that differences between Sandinist currents stem from the fact that one sector of the FSLN supports government policies, while the other sector opposes them and would be willing to resort to violent means.

"I do not agree with Ortega's opinion, because all of the activity Sandinism conducts with the government has the National Directorate's approval," Ramirez stressed.

He explained that relations with the government began with the signing of the transition protocol in 1990. "I did not even sign this agreement between the government and the National Directorate, because I was not then a member of that leadership organ," Ramirez said.

Ramirez ended by saying: "Every political party that loses an election enters into serious contradictions, and there are Sandinists who have not yet accepted this situation—a situation of which I am very proud, because the FSLN showed its democratic calling by relinquishing power in the first free elections ever held in this country."

#### **D. Ortega Discusses 'Established Opinions' Within FSLN**

*PA1904215794 Managua Canal Cuatro Television in Spanish 0400 GMT 14 Apr 94*

[Report by Susy Castillo; from the "Extravision" newscast; passages within quotation marks recorded]

[Text] [Castillo] For the first time, and before a battery of journalists, former President Daniel Ortega, FSLN [Sandinist National Liberation Front] secretary general, has commented on the so-called currents of opinion that have emerged within Sandinism in anticipation of the upcoming FSLN congress in May:

[Ortega] "Sandinism is the most democratic expression among this country's political forces, as clearly reflected by the many compatriots voicing views that are even contradictory. It is democracy at work."

[Castillo] The media have termed the differences among the various groups as currents within Sandinism, but Ortega has called them opinions [estados de opinion].

[Ortega] "We do not call them currents. I call them established opinions. There are no currents established in the FSLN. There are established opinions, established groups. I think these positions are part of the democratic game that has emerged with great force within Sandinism. I think nobody should feel ashamed for his position.

"I would be ashamed if I stopped fighting along with the people and the poor, if I became an instrument of Capitalists, of the rich, and the bourgeoisie, and if I surrendered and knelt before imperialism. I would be ashamed by those things."

[Castillo] Why is there talk of establishing a new FSLN, a more democratic FSLN? Is the FSLN undemocratic?

[Ortega] "This is a new kind of democratic process that started with the previous FSLN congress. We held an election; it was a normal election, normal for political parties, revolutionary as well as Social Democratic ones; it was an election based on tickets [eleccion por plancha].

"Thus, we established democratic mechanisms. For the first time, in 1991, the FSLN discussed a program and statutes; it approved programs and statutes. That had never happened in FSLN history. This was done democratically; that is, democracy made its appearance within Sandinism in a new form in 1991. We must now continue to strengthen democracy.

"In closing the 1991 congress, speaking on behalf of the FSLN directorate, I told participants that at the next congress we would have to become more democratic. I added that this would entail incorporating women in all groups of leadership, including the National Directorate, that the elections for all posts should be done by secret ballots, and that there should be individual candidates, not tickets.

"Thus, this is nothing new. These are issues we already discussed and announced. We called a congress precisely because we want to renew and increase democracy within Sandinism. This was my initiative. I consulted it with my fellow directorate members on 19 July and announced it in the square, and the Sandinist Assembly approved it later."

[Castillo] For the first time, Ortega admitted differences within Sandinism that stem from a confusing position toward the government.

[Unidentified reporter] "What is the main difference?

[Ortega] "I think the main difference concerns the fact that in 1990, with the change of government, we defined

a policy toward this government that was not very clear, a policy that bred confusion. This position prompted a sector of Sandinism to follow one line and another sector to follow another; in other words, our position toward the government has, in fact, divided Sandinists.

"This is why when we say that during the congress we must reach a consensus regarding our position toward the government, we must do so with the conviction that it will reunify and strengthen us.

Concerning the United States, Sandinists must reach a single position toward this country regarding our methods of struggle. I am talking about very specific aspects that lead to the emergence of different positions, even contradictions, as the ones we have seen.

"Thus, we must not overlook contradictions. The way to confront contradictions is through organized and orderly discussions through a (?special) congress, which we already summoned."

#### **Says ESAF Poses 'Very Serious Threat'**

PA2004212194 Managua BARRICADA in Spanish  
19 Apr 94 pp 1, 8

[Text] Daniel Ortega, FSLN [Sandinist National Liberation Front] secretary general, last night said the ESAF [Enhanced Structural Adjustment Facility] poses a "very serious threat to Nicaragua." He believes the economic measures agreed upon with international financial organizations "will not achieve their intended goals."

"The government proposal is wrong," Ortega insisted during a debate televised by Canal Cuatro.

Hours earlier, during a news conference, Presidency Minister Antonio Lacayo said the ESAF is not a new "harsh experience" for the country but, instead, an opportunity to pay on a lower debt to the Paris Club, grant more financing to agricultural production, and have more schools and health centers.

While issuing a warning about possible social unrest in the country, the Sandinist leader described the government as "blind or ill-intentioned" for imposing its policy at all costs as part of "a position that has become reckless."

Ortega added, "We would be the first to support the measures if we were certain that production and employment would rise after a certain period of time."

He questioned the decisionmaking process that led to these economic decisions, and he noted, "the government is responsible for taking into account the various social, economic, and political segments of the population before making a decision on such an important issue. The government failed to do this and has been applying these measures since May 1993."

"These measures were decided [comprometidas] and issued from above, and this undermines government trust and credibility. They pointed a pistol at those sectors consulted," he said.

The FSLN secretary general said some viable alternatives to ESAF include making more flexible the granting of loans, adjusting bank interest rates, avoiding attacks on properties through debts with the financial system [as published], protecting national production, and seeking a renegotiation of our foreign debt.

The feasibility of these measures proposed by the FSLN could be accepted by international financial organizations if the government had "the political resolve to confront the international financial organizations," Ortega said.

He added, "If the government had the support of political and economic forces, it would be in a favorable position to reach agreements of this sort."

Ortega replied to charges leveled hours earlier by Minister Lacayo on the foreign debt acquired by Nicaragua during his tenure.

The former president said one must understand the reason behind that debt, and he added that the financing terms were favorable to the country.

Ortega pointed out that a good part of that financing served to supply Nicaraguan producers with inexpensive raw materials, spare parts, and machinery.

#### **Popular Support**

Throughout his presentation, Ortega stressed that his party is only warning about the consequences of ESAF.

"The FSLN is not seeking support for its positions. It is issuing a warning about the risk of these economic policies. When a conservative segment, such as the producers, takes to the streets to protest, it is because we have a profound crisis," Ortega added. When asked about a possible wave of popular protests or violence because of these economic decisions, Ortega said: "Only a rectification on the part of the government will prevent riots and protests such as those that occurred in the past. Neither the FSLN nor I will provoke the riots; the government's policies will."

The Sandinist leader said his party must support the demands of segments of the population who are hurt by the ESAF.

As for limits to the popular protests, Ortega said, "This is a very complex situation, and the FSLN cannot produce some sort of catechism." [sentence as published]

#### **Defending Constitutional Order**

"We are defending constitutional order. Should the government break that order, there are 39 Sandinist deputies and other deputies from other forces in the



National Assembly who would certainly join to defend constitutional order," Ortega pointed out.

He commented, however, on violent acts such as the burning of journalist Pablo Emilio Barreto's house and the murder of 219 Sandinists in Jinotega Department, saying that such explosive incidents could result from self-defense groups.

In face of this, "we must wonder whether the organization of citizens in self-defense brigades would be tolerated, whether state authorities are limited in their ability to guarantee public safety," Ortega added.

The FSLN secretary general said he was not advocating the establishment of self-defense groups, but he pointed out that situations like this "leave no other option other than the creation of self-defense organizations."

Ortega said the FSLN would not be at the helm of any possible social unrest. "We must take into account that social upheavals are not planned. We are issuing a warning about a situation that could be beyond our control," he added.

#### **Need for Constitutional Convention Argued**

94CA0095B Managua LA TRIBUNA in Spanish  
21 Mar 94 p 6A

[Editorial: "Constitutional Reform is a Sham"]

[Text] What the Sandinist National Liberation Front (FSLN) and its allies in the National Assembly are carrying out is not a partial reform of the Constitution. Spokesmen for the pro-Sandinist parliamentary alliance have said that the draft of the constitutional reform consists of approximately 150 articles, and that in fact amounts to a new constitution, even though they shamelessly call it a partial reform.

The FSLN and its allies do not want the people to exercise their fundamental right to express their true opinion of the change in the constitutional order, or to elect delegates to a constitutional convention to draft the new basic law of the Republic. What we have here, without a doubt, is a pact between leaders who pay a lot of lip service to the people and democracy, but who ostensibly serve only their personal and group interests.

Moreover, by drafting a new constitution disguised as a partial reform, carried out without consulting the electorate and without constituent authority, the FSLN and its associates will make formal changes to ensure that little or no real change occurs. In other words, they will take away power from an executive branch that is subject to influence, and give it to a legislative branch that is controlled by the Sandinists. And they will expand the government coalition, now called a "governability compact," simply putting old wine in new bottles.

It is clear that neither partial constitutional reform nor the drafting of a new constitution would automatically

resolve the deep, pervasive crisis that has gripped Nicaragua. There is a profound and substantial difference between the two, however: Partial reform crafted by a National Assembly controlled by the FSLN will inevitably be oriented toward protecting the Sandinists' substantial interests, which means leaving the principal causes of the crisis untouched.

In contrast, a Constitutional Convention elected by the people would give us a new constitution that would be the ideal legal and political instrument to eradicate totalitarianism, restructure the branches of government, and create a true system of law, justice, and liberty, which is what the country needs to rise up from the prostration in which the pro-Sandinists have placed it and where they intend to keep it with their constitutional reform.

#### **Reform, Recovery Require UNO Participation**

94CA0095A Managua LA TRIBUNA in Spanish 21  
Mar 94 p 6A

[Commentary by Emilio Alvarez Montalvan]

[Text] The visit to Nicaragua by the U.S. undersecretary for Latin American affairs cannot be explained away as a ceremonial gesture for the American Chamber of Commerce. The arrival of this important official should be viewed in a much more important context.

It is clear that Mr. Watson came not only to give his blessing to Mr. Maisto's mission, but also to explain directly to the local protagonists how his country's foreign policy is to be applied in Nicaragua, which is perceived to be going through a transition that is difficult to understand and is also stalled.

But what are the parameters of the United States' overall strategy, as far as this tiny country is concerned? In this regard, Clinton's foreign policy has three objectives: 1) maintaining the United States' current status as sole superpower, 2) defending democracy and the free market, and 3) preventing secondary conflicts in sensitive areas that would not be of any benefit to the United States.

Nicaragua's case would fall into the latter two premises. It is reasonable for Mr. Watson to think that the Nicaraguan Government is in a precarious balance. From that point of view, Mrs. Chamorro appears to be an isolated hostage who is sending an ambiguous message, in contrast to the powerful military-social apparatus of the Sandinists who are surrounding her. Lacking her own political force, the president is sometimes seen to be too timid to make reforms, fearful of losing power, while at other times she appears to be a clever collaborator in the government coalition recommended by her prime minister and relative.

In this regard, Mr. Watson must have been tempted to resolve this uncomfortable dilemma and, incidentally, to warn his interlocutors that time is running short for



Nicaragua. Her other sisters are already organized, and foreign aid funding is shrinking irretrievably.

But how could he give advice without appearing to intervene, without contradicting the notion that we should solve our problems internally? And how could he remain silent, allowing the ungovernability and inefficiency to continue in Nicaragua and to threaten to spread throughout the region?

What he did not do was combine two recipes: assuring Dona Violeta that she will remain in place while pointing out to her that there are three objectives of the United States' overall strategy that have particularly critical ramifications in Nicaragua: respect for private property, returning or purchasing it as soon as possible; punishment for human rights violators; and subjecting the military apparatus to civilian control.

Nonetheless, the visitor must have realized that as long as there are radical and influential Sandinist leaders who refuse to cooperate in stabilizing the country out of fear that they will be seen as pawns of the regional power, the problem will remain unsolved.... Nor will it be solved if officials continue to delay passage of the Organic Law of the Armed Forces, which would provide for the reform of a military hierarchy that is excessively politicized.

To remove these obstacles, the democratic reforms of the Sandinist movement, proposed by Dr. Sergio Ramirez Mercado, are naturally viewed favorably. It is also logical to insist that the Organic Law of the Armed Forces be put in place as soon as possible so that the military can come under civilian control.

In light of the vested interests, however, there is not much likelihood that the desire to blast Nicaragua out of its stagnation will be realized. The vicious circle can be broken only if the president implements a national political program that includes the democratic forces that brought her to power. That would allow her to effect the reforms the country is demanding and to jump start the economy. Watson's visit, not being subliminal, was meaningless.

## Panama

### Electoral Tribunal Notes 'Constitutional Independence'

PA2104012694 Panama City LA ESTRELLA DE PANAMA in Spanish 18 Apr 94 p D7

[Text of communique issued by Electoral Tribunal in Panama City on 15 April]

[Text] Yesterday, 14 April, the president of the Republic addressed citizens via a national radio and television network where edited film material, obtained from the archives of the Presidency, revealed actions of government officials in the past administration.

Although the Electoral Tribunal is the leading organization in the electoral process, it is not the Electoral Tribunal's responsibility to assess this action because, according to the Constitution, the Legislative Branch is the only branch empowered to judge the public actions of the president of the Republic.

The Electoral Tribunal magistrates reiterate our constitutional independence from the Executive Branch and other government organizations. We ratify our commitment to guarantee that Panamanian voters will be able to vote freely on 8 May, and that their votes will be counted with absolute honesty so that those who obtain the majority of the votes will be proclaimed the legitimate winners.

Issued in Panama City on 15 April 1994

Eduardo Valdes Escoffery, President Magistrate

Dennis Allen Frias, Vice President Magistrate

Guillermo Marquez Amado, Member Magistrate

### Group Urges Citizens To Vote Against PRD

PA2104033994 Panama City EL SIGLO in Spanish 18 Apr 94 p 28

[Statement issued by "Panamanians for Democracy, Honesty, and Civilian Rule" in Panama City, date not given: "Videos. National Mission To Vote Against the PRD"—capitalization as published]

[Text] The videos aired by the Presidency showed in a straightforward fashion how the PRD [Democratic Revolutionary Party] used the money of the Panamanian people. THEY TOOK IT AS IF IT BELONGED TO THEM while lying and deceiving the people. They played with a matter as important as NATIONALISM for their personal gain. For 22 years, they made a mockery of the nationalist struggle of more than six generations just to remain in power and carve out the PIE. How many dead, how many students who gave their lives for this nationalist struggle were sacrificed by these men for the sake of stealing the people's money! They paid off union leaders and then poked fun at them during their Cabinet Councils! That is why the national mission of all Panamanians without regard for political parties MUST BE TO VOTE AGAINST THE PRD. THE PRD IS THE COMMON ENEMY. This is no new PRD. It is the same thieving, criminal, embezzling PRD that made a mockery of the people, with a false spirit of nationalism and which is corrupt to the bone. They are the same ones: ERNESTO PEREZ BALLADARES, RIGOBERTO PAREDES, ALFREDO ORANGES, CARLOS DUQUE, MARIO ROGNONI, RODOLFO CHIARI, THE DIGNITY BATTALION MEMBERS, AND THE CODEPADI [Committee for the Defense of the Fatherland and Dignity]. It shamed the people that presidential candidate Perez Balladares admitted going to the military's meetings at the TINAJITAS garrison to behead presidents. As Targidio

Bernal [former justice and government minister] brazenly stated in the video: "We changed two presidents with one crushing blow to the balls."

The theft at the Fortuna Dam, one of the hundreds that they carried out, raised the project's cost from 250 million balboas to 500 million balboas. ALL THAT FILTH AND IMMORALITY regarding sinecures, mistresses, and sinecure jobs for \$3,000 and \$3,500, as that creature called MANUEL SOLIS PALMA AND OTHER PRD MEMBERS admitted. The people of Panama must respond to that. VOTING AGAINST THE PRD IS THE NATIONAL MISSION. WE WILL VOTE AGAINST CORRUPTION, THEFT, AND CRIME.

[Signed] Panamanians for Democracy, Honesty, and Civilian Rule.

### Anti-Dictatorship Legislators Call for Unity To Defeat PRD

PA2104044094 Panama City LA PRENSA in Spanish  
19 Apr 94 p 1A

[Report by Manuel Alvarez Cedeno]

[Text] Legislative sources have reported that several deputies who opposed the military dictatorship yesterday offered their services as "mediators" in the creation of a grand front of "democratic forces." The objective is to form a united front to defeat the Democratic Revolutionary Party [PRD] in the coming elections.

Legislator Gloria Moreno, spokesperson for the group, read a statement titled "For the Unity of Democratic Forces," in which they made their summons. The document was presented at the seat of the Assembly Credential Commission.

According to election polls, the PRD is the people's favorite, with a 35 percent lead. Opponents are trying to unite in order to defeat the front runner in the upcoming election.

The document reads: "We hereby offer our services as mediators to facilitate a broad-based understanding among democratic forces. We also call upon the candidates and the people to support this statement."

The statement is signed by Marco Ameglio, for the National Renewal Movement; Gisela Chung, for the Nationalist Liberal Republican Movement [MOLIRENA]; Raquel Lanuza, for the Christian Democratic Party; Rodrigo Molina for Solidarity Party; Jose Paredes mayoral candidate for the National Unity Mission; Jilmer Gonzalez of the Arnulfist Party; Mario Lasso for MOLIRENA, and Gloria Moreno.

They have also called a meeting among all sectors opposed to the PRD in the next few days "to discuss the contents of an agreement to defend democracy."

The politicians highlighted the historic relevance of President Guillermo Endara's "brave decision" to disclose several videotaped recordings of corruption within the military government.

The note adds that "the president's action constitutes a vital measure that made the people realize what the PRD really represents. It also made the democratic leaders reflect on the unity needed to prevent the allies of the military from rising to power."

Opponents of the PRD condemned the disgraceful past of "demagoguery and violence against those who struggled under a single flag, a past that the PRD now wishes to hide with unrestrained cynicism."

The PRD is the former political wing of the dismembered military regime. Many of the party's activists have been accused of corruption and other illegal activities, although the party maintains that the accusations are part of a persecution campaign launched by the present government.

Following the meeting of the legislators, PRD Legislator Elias Castillo affirmed that "this is the expression of those who want to rise to power and those who want to remain."

He questioned the possibility of unity among the forces that oppose the PRD and said that his party has "the force of the organized population."

Castillo added that the PRD also has "a personality of its own; it is not divided. The PRD is united," while its opponents are divided.

"The people are intelligent and have a keen eye. They will not be fooled by the false prophecies of its opponents. They only demonstrate their division. The only thing that unites them is their ambition for power," he argued.

Castillo said that the videotapes Endara showed "will not affect the party's image at all," which has received the full support of its activists and followers.

### Change 94's Carles Comments on Possible Front Against PRD

PA2104014094 Panama City Telemetro Television  
Network in Spanish 1730 GMT 20 Apr 94

[From the "Telemetro Reports" newscast]

[Text] Ruben Dario Carles, presidential candidate for the Civic Renewal Party, Nationalist Liberal Republican Movement [MOLIRENA], and the National Renewal Movement [MORENA], also commented on the possibility of forming alliances.

[Begin recording] [Unidentified reporter] Will there be sufficient political commitment to create the alliance

MORENA and MOLIRENA have been calling for to establish a common front against the PRD [Democratic Revolutionary Party]?

[Carles] Everybody agrees on that.

[Reporter] Will Mr. Carles be willing to cede the head of the ticket to the Arnulfists, considering they are sticking to their stance?

[Carles] I do not want to talk about what others think. I am saying the country knows our ticket is the best, from an individual and collective standpoint. We have programs that are not novels, works of fiction, songs, or poems, but facts—the result of our experience, knowledge, and capability. We have the best team. You will not find any of them on any video. [end recording]

#### **PRD Candidate Calls Effort To Unite Civic Forces 'Useless'**

PA2104012794 Panama City LA PRENSA in Spanish 20 Apr 94 p 2

[Report by Jose Otero]

[Text] Ernesto Perez Balladares, presidential candidate for the "United People" presidential slate, has termed as a "useless effort" the call for unity made by the so-called civic forces to create a common front against the PRD [Democratic Revolutionary Party] for the upcoming 8 May elections.

This week, different political groups, among them some legislators, offered to act as "mediators" to create a great front of the democratic and civic forces, so as to achieve unity to defeat the PRD in the upcoming elections.

"I think what these people who call themselves antimilitarists [civilistas] are trying to do at this point is a useless effort, because the only thing they will accomplish is to stir up passions. This could result in situations we may all regret," Perez Balladares said, without specifying what he was referring to.

The PRD presidential candidate said there are politicians who have claimed the right to call themselves antimilitarists and to speak for an entire people, while he remarked that there are people who fought against Noriega and who now support his presidential candidacy.

"They are trying to create in this electoral period conditions similar to those in 1989, and this is a mistake," the opposition politician noted.

Perez Balladares added that the current political moment must not be taken as a struggle against anyone in particular, but as a struggle against the problems in 1994.

Meanwhile, Perez Balladares described the communique issued by the Justice and Peace Commission regarding the videos about the past military regime presented by President Endara last week as rickety.

"We accept the decision of the Justice and Peace Commission, but we think they could have been a bit stronger," the PRD leader pointed out.

Meanwhile, Perez Balladares accepted the existence of a large number of corporations with which his name is associated, but explained that this situation is not illegal but a part of his job as a businessman.

"They have accused me of not working since 1984. This situation shows that I am neither retired nor unemployed, as they have tried to portray, but that this is how I made my living," Perez Balladares concluded.

#### **Planning Minister Says 'Obscure Interests' Mar Image**

PA2104042294 Panama City EL PANAMA AMERICA in Spanish 20 Apr 94 p E-10

[Report by Juan Manuel Diaz]

[Text] Planning and Economic Policy Minister Delia Cardenas said yesterday that obscure interests want to harm our international banking center and the Colon Free Zone and that some sectors of the U.S. Senate are attacking our country out of ignorance.

The minister also said that a survey of the participants was disclosed during the meeting [not further identified]. The survey revealed that Panama and Nicaragua are the countries with the worst economic growth forecasts.

The survey also showed that those surveyed pointed out that the political stability of a country is the main factor to take into account when investing abroad.

Cardenas underscored that during an Inter-American Development Bank (IDB) assembly, U.S. officials attacked Panamanian regulations for fighting money laundering and drug trafficking. She added that this is because of the lack of information on the country's measures against these two scourges.

The official pointed out that she defended herself from the constant attacks that some U.S. senators made during the meeting, because Panama's image abroad is not very clear.

#### **Foreign Minister Rejects Reports of Deputy's Drug Ties**

PA2104034294 Panama City Circuito RPC Television in Spanish 2300 GMT 20 Apr 94

[Report by Victor de la Hoz from the "RPC News" newscast]

[Text] International media reports coming from Spain have linked Panamanian Deputy Foreign Minister Carlos Cordero to several ghost companies being investigated by the Spanish Government as part of the properties owned by the wealthy businessman Mariano

Rubio. According to this information, Cordero has ties with several private firms allegedly used to launder money.

However, Panamanian Foreign Minister Jose Raul Mulino pointed out that those reports are all intended to tarnish the Panamanian Government's image. Mulino made those statements at a posthumous ceremony honoring former Foreign Minister Julio Linares.

[Begin Mulino recording] I am sure the report is politically motivated and is attempting to damage the government's image internally. What they are doing with utter irresponsibility, however, is harming our country. The Spanish magazine [not further identified] does not highlight anything specific on the deputy foreign minister. It only mentions his firm superficially. The problem is a different one in Spain. [end recording]

Foreign Minister Mulino said Deputy Foreign Minister Carlos Cordero will clarify this information in due time.



## Argentina

### Paper Predicts Consequences From GATT Final Round

PY2004192594 Buenos Aires CLARIN in Spanish  
16 Apr 94 p 29

[Text] The conclusion of the Uruguay round of GATT talks and the creation of the World Trade Organization, which took place in Marrakech, will have important consequences for Argentina. Tariffs applied on international agriculture and industrial trade will drop, and world agriculture protectionism will also start to decrease. Both aspects are very important for the Argentine economy.

A document disseminated by the Foreign Ministry contains a paragraph that has been annulled, but can still be read—a suggestive fact—which says: "This negotiation will require the introduction of important changes in current norms, and the adjustment of diverse economic activities."

Developed countries will reduce their average tariffs on industrial products by 40 percent and their mean tariff on agriculture products by 36 percent. There will be a drop in internal subsidies and a reduction of subsidized exports. Access to markets will be facilitated through the conversion of all non-tariff obstacles (quotas, variable rates, etc.) into tariffs and the progressive reduction of all tariffs.

The signing of the Sanitary and Plant Sanitation Agreement is important for Argentina because the country will now have a forum in which to complain when sanitary measures imposed on its exports are, in fact, non-tariff obstacles (a very frequent case).

It is being forecast that as a consequence of these agreements, world incomes will increase by \$230 billion and world trade by about \$745 billion by 2005. According to the Foreign Ministry analysis, however, more important than the figures is the fact that the climate of trade war and unilateral measures that threatened the economy in the past few years has been overcome.

In the area of tariffs, Argentina committed itself not to exceed certain protectionist ceilings. The situation does not change a thing, however, because the tariff system adopted by GATT is 35 percent, a full 10 percentage points above present tariff levels in Argentina and the common external tariff system that is being negotiated in the Mercosur [Common Market of the South].

The document offers some details on the issue of agriculture. It says that the United States offered the country quotas for peanuts, peanut butter, and cheese in exchange for an increase in tariffs on peanuts and by-products. Europe also compensated Argentina for damages caused by European subsidies on oil producing crops. Besides, the

country will receive an additional quota of 11,000 tonnes of high quality beef and participation in the quota of 500,000 tonnes of corn for Portugal.

Argentina also received substantial tariff concessions from the United States, Japan, and the European Union on grape must, leather, apples, pears, orange juice, and essential and vegetable oils.

Argentina will receive another important benefit with the world commitment to reduce budget spending on export subsidies by 36 percent and the actual volume of subsidized exports by 21 percent. These benefits will come after a transitional period.

But the greatest benefits will come through the Sanitary and Plant Sanitation Agreement, as it will permit negotiations for the export of products that are today banned from markets such as those of the United States, Japan, and Korea. A condition is the creation of a local information service that will answer all requests for information made by other countries regarding sanitary procedures in effect in our country.

The agreement on customs valuation includes a clause that will favor Argentina, as it will allow it to request more information from importers when there are reasons to doubt the declared values are accurate.

### Central Bank Chief on Rising U.S. Interest Rate

PY1904214394 Buenos Aires NOTICIAS  
ARGENTINAS in Spanish 1924 GMT 19 Apr 94

[Excerpt] Buenos Aires, 19 Apr (NA)—Central Bank President Roque Fernandez today said the interest rate increase in the United States is going to cause an increase in the local interest rates on deposits, and he believes that during the rest of the year there will be "ups and downs in the markets as a result of the U.S. Federal Reserve's policy."

The banker indicated that the increase in the U.S. interest rate is going to cause an increase in the interest rates on deposits, and "this is an incentive to save, something that is not bad."

"It is bad when the active rates on loans increase," he said, and explained that monetary authorities are studying "how this incentive on the passive rate will favor savings."

The measure the Central Bank has under study is a decrease in the spread [preceding word in English], in other words, banking costs, "so the active interest rate will remain where it is." [passage omitted]

### Chile To Keep Pace in Weapons Purchasing

PY1904221594 Buenos Aires NOTICIAS  
ARGENTINAS in Spanish 1941 GMT 19 Apr 94

[Text] Buenos Aires, 19 Apr (NA)—The Chilean national defense chief of staff, Vice Admiral Jorge Patricio Arancibia Reyes, stated today in this capital that

Chile will continue to purchase armaments because "the technological level that has been acquired, which is related to the level of a country's development, cannot be neglected."

"A country must have the armed forces it is capable of maintaining, both technologically and financially, in a close relationship between security and development," Arancibia Reyes said.

Notwithstanding, the admiral denied that Chile is embarked on an arms race, and said "materiel only has been renewed" in recent times.

Asked about the appearance of insurgent groups in several parts of the continent, such as the group that revolted in Chiapas, Mexico, he maintained that today "they have an international structure behind them that keeps their concern about these movements on the alert." [quote as received]

The Chilean Army chief [title as received], who is visiting the country on an official visit, today met Argentine Defense Minister Oscar Camilion.

During the meeting, in which the Argentine joint chief of staff, Lieutenant General Mario Candido Diaz, participated, the Chilean officer handed a letter to Camilion from Chilean Defense Minister Edmundo Perez Yoma, who proposed a meeting between the two ministers some time this year.

Regarding the Mapuche conflict that has emerged in his country, Arancibia Reyes stressed that "a solution is in the works," and that "the concerns expressed by the Mapuches are being well channeled."

Finally, Arancibia Reyes highlighted "the greatness of the Argentine Armed Forces" within the Latin American context.

#### Chilean Economy Minister Views Exports

PY2004185294 Buenos Aires CLARIN in Spanish  
17 Apr 94 Economic Supplement pp 10, 11

[Interview with Chilean Economy Minister Alvaro Garcia by Nestor Restivo: place and date not given]

[Text] [Restivo] The Chilean economy showed some signs of slowing down in 1993 and, for the first time in many years, the trade balance was negative. How will you face this new situation?

[Garcia] We will pursue the successful path that the national economy has been following during the past few years. Problems experienced by our export customers are partly responsible for this slowdown. These problems had an impact on the income and volume of Chilean exports. For example, copper prices dropped by 16 percent, fish meal prices by 21 percent, and cellulose prices by 26 percent. These products together represent 55 percent of our exports. Considering all this, we expect the GDP to grow less in 1994 than in recent years (when

the average GDP was more than 6 percent). It will grow by between 4 and 5 percent. The Central Bank increased interest rates and moderated the fiscal policy, which caused public savings to grow, in order to compensate for the exports situation. But we are satisfied with the general situation. The Chilean rating abroad, established by leading risk rating companies, has improved.

[Restivo] It has been said that the Chilean domestic market has reached its ceiling and that, for this reason, a considerable amount of capital is being invested abroad. How do you view this market?

[Garcia] Income has been growing at a rate of 5 to 6 percent per year. In other words, the domestic market will continue to grow. Nevertheless, the foreign market is our driving force. Over the past decade, exports have grown 10 percent per year (this rate slowed down in 1993) and capital investments have grown 9.5 percent per year, totalling more than 27 percent of the GDP in 1993.

[Restivo] Nevertheless, the internationalization achieved by Chile prompted a degree of dependence. You mentioned last year's trade deficit that was prompted by a decline in the income and volume of Chilean exports...

[Garcia] Certainly, we had a \$980-million deficit after many years of surpluses. Nevertheless, the main problem involved basic products. Foreign sales by manufacturers increased by 17 percent. This is our challenge: To increase sales of manufactured products.

[Restivo] What proportion of Chilean services are exported? For example, Chile's tourism is growing notably.

[Garcia] Correct. Services and exported services produced an income of \$2.6 million in 1993. Of this, \$825 million came from tourism which has a huge potential. In 1993, tourism grew 18 percent, the highest growth rate in Latin America. Argentina contributes a substantial 36 percent of this as some 800,000 Argentines come here every year.

[Restivo] When [former President Patricio] Aylwin was inaugurated, he pledged to pay special attention to the social debt bequeathed by the military regime. Not very much was achieved. What are you proposing now?

[Garcia] One of the quantitative goals of [Chilean President Eduardo] Frei's administration involves removing extreme poverty by the end of its term—that is, by the year 2000. During Aylwin's administration, progress was made by reducing the extreme poverty rate from 13 to 9 percent of the population. Economic growth helped to achieve this goal because more job opportunities were created for the poorest sectors of the population and minimum wages were increased 33 percent in real terms over the four-year period. Subsidies increased 55 percent and were better used. Nevertheless, democracy actually has a debt. Under this administration, efforts will be made to pass from an assistance oriented policy to an

integral policy involving investments in human resources and labor training. For example, labor training will involve specific programs for small- and medium-size enterprises where the poorest segments of population are employed.

[Restivo] What about education, health, and housing?

[Garcia] We want a more balanced education system. During the Aylwin administration, basic education was emphasized. We will now concentrate on kindergarten and secondary education. Concerning health, we will promote increased efficiency in the public sector and cut subsidies that favor higher-income sectors. Concerning housing, we will continue to raise housing solutions. The coalition alliance government built 90,000 houses in 1993, compared with 33,000 houses built by the military government.

[Restivo] What will be your government's next steps concerning Mercosur [Common Market of the South] and NAFTA?

[Garcia] Chile believes in a multilateral policy followed by bilateral agreements. Our foreign trade is divided into three equal parts: Asia, America, and Europe. Mercosur is of paramount importance. Argentina receives 6.3 percent of our exports; Brazil receives 4.3 percent; and Uruguay and Paraguay receive more than 1 percent each. In other words, these four countries represent 12 percent of our sales. We are satisfied with the growth of our industrial goods exports. Many of these industrial goods exports have reached levels that we would like echoed by our other customers. In 1994, we will begin to negotiate with Mercosur on tariff exemptions for third countries within the framework of ALADI [Latin American Integration Association]. We will seek greater trade deregulations, but we cannot fully join Mercosur due to tariff differences. Concerning NAFTA, or at least a bilateral agreement with the United States (we already have one with Mexico), we hope to begin concrete negotiations during the second half of this year and sign an agreement in 1995.

#### **Presidential Secretary General Meets PRC Delegation**

*PY2004192394 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 20 Apr 94*

[Text] Presidential Secretary General Eduardo Bauza today received a Chinese Government delegation in the South Hall of Government House. The secretary general and the Chinese leaders discussed the possibility of increasing our exports to China and the decision to encourage new and constructive bilateral relations.

Eduardo Bauza later admitted the possibility of increasing our exports to the PRC, which is a very favorable market for Argentina.

[Begin Bauza recording] They are in the middle of an important opening and modernization process. This is a

very important delegation because it is headed by one of the most outstanding members of the Chinese Communist Party. Their visit is within the framework of this new Chinese opening to the world. Our current trade exchange with China is not very large. It involves about \$270 million in imports from China and approximately \$250 million in exports to China per year. Their market has great unexplored potential. China has more than 1.1 billion inhabitants compared with 30 million here, so their market may be entirely favorable for us. [end recording]

Asked about other markets for our products, Bauza said other countries are members of the southeastern Asian region because of their development and their purchasing power. [sentence as heard] Bauza said he believes Argentina is growing up and going out into the world to offer its products.

The Chinese delegation is headed by Hu Jintao, a member of the Standing Committee of the party's Politburo and a deputy of the Chinese National People's Congress. The delegation includes (Li Semin), (Tan longui), and (Liu Pein) who are the directors of the Latin American International Liaison Department of the Chinese Communist Party.

#### **Argentine, PRC Justice Ministers Sign Memorandum**

*PY2004220094 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1431 GMT 20 Apr 94*

[Text] Buenos Aires, 20 Apr (NA)—Argentine Justice Minister Jorge Maiorano and Chinese Justice Minister Xiao Yang signed in Beijing a "Memorandum of Understanding on Cooperation and Exchange" in judicial matters.

The Justice Ministry today announced that the ceremony was held on 19 April in the Audience Room of the State Guest House in the PRC's capital.

During the meeting, Maiorano highlighted "the task being carried out by the Chinese Government to achieve a more democratic country," and said he "favors links in every sphere between Argentina and China, especially in the sphere of justice."

Maiorano and Xiao also agreed on the "need" of implementing the memorandum's contents "as soon as possible."

The memorandum establishes that cooperation and information "will be linked to judicial affairs such as laws and regulations that are currently in force," and it also includes the "promotion and mutual exchange of judicial experts and professionals and the sponsoring of forums and seminars."

Regarding expenses, it was agreed that the nation that sends officials or delegations will pay for the fares, while the host country will pay for lodgings, food, transportation, and medical assistance.



After the memorandum's signing, Maiorano visited the Supreme Popular Prosecutor's office, where he was met by Attorney General Lian Gnoping (name as received), who expressed his willingness to coordinate and implement a program for assistance and cooperation with the Argentine Justice Ministry.

#### **Argentina, Israel May Cooperate in Technology Transfer**

PY2104022694 Madrid EFE in Spanish 1629 GMT 20 Apr 94

[Text] Jerusalem, 20 Apr (EFE)—Antonio Erman Gonzalez—Justicialist Party deputy and former Argentine defense minister—said on 20 April that Argentina and Israel may cooperate in the reconversion of modern military technology, including car manufacturing.

Asked about the visit he made to Israeli military industries this week, Gonzalez said in a news conference: "We will undertake feasibility studies to apply military technology to civilian life."

Gonzalez, who is making a seven-day official visit to Israel, arrived here on 17 April accompanied by Justicialist Party Deputy Ana Raquel de Kessler, who was the No. 2 person in the defense portfolio. Gonzalez categorically denied they were interested in the purchase of weapons from Israel.

He stated that the longstanding border disputes between Argentina and its neighbors are on the verge of being settled, "and from a hypothesis of conflict we have now come to a hypothesis of cooperation."

The Argentine deputies invited General Dan Shomron [name as received], the director of Israeli Military Industry (IMI), to visit Argentina, where the government has not yet privatized small-scale military hardware manufacturing companies, which may be recycled with Israeli technology into mixed corporations.

Commenting on the possibility of manufacturing car components, Gonzalez stated: "The proposal to establish mixed corporations has been well received."

He added that Argentine car manufacturing companies currently turn out 350,000 cars annually and this requires a comparable expansion of accessory industries.

Israeli military industries have been forced to lay off thousands of engineers and workers on account of the world crisis. It has had experience in adapting military technology to civilian uses in East Europe.

After visits to Aeronautic Industries and the IMI, "we agreed to exchange information on an ongoing basis about operational manufacturing companies in both countries. Personal knowledge will come in a third stage," he said.

Gonzalez noted: "Israel is neither an underdeveloped country nor is it counted as a highly industrial one;

therefore, it can understand better than others our need for investments and technology transfer."

In response to a question of whether richer countries will transfer their leading-edge technology to less-developed countries, Kessler asserted that "major countries will have to do so and will charge for that, but it is what they will be able to sell in the next century."

Kessler, who sits on the Defense Committee with Gonzalez, noted that "Israel is in an excellent condition to do so and forestall other countries in this area."

She added that Argentina also may benefit from its economic relations with Israel since through these mixed corporations it will have access to the EU, of which Israel is an associate member, and the United States, with which Israel enjoys free trade.

Gonzalez reported that today, he and Bank of Israel Governor Ya'akov Frenkel analyzed the influence of major economic blocs and the danger of their adopting a protectionist policy to the detriment of others.

The Argentine deputies also learned about Israeli labor legislation and the working of Parliament. Tomorrow, they will sign a cooperation agreement with Ben Gurion University—located in Be'er Sheva, capital of the Negev desert—on research and exploitation of arid areas in Argentina's central and northwestern regions.

#### **Argentina To Train Romanian Officials in Antinarcotics**

PY2104033294 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2049 GMT 20 Apr 94

[Text] Buenos Aires, 20 Apr (NA)—It was reported in this capital that Romanian Prime Minister Nicolae Vacaroiu and Alberto Lestelle, programming and coordination secretary for the prevention of drug abuse and for the antinarcotic struggle, signed an agreement in Bucharest today providing for the training of Romanian Government officials in the prevention, assistance, and control of the illegal peddling of drugs.

Lestelle left Vienna, Austria—where he is representing Argentina at the meeting of the UN Commission on Narcotic Drugs—today and travelled to Bucharest in order to incorporate Romania into the group of countries that receive Argentine advice about this subject.

It also was reported that Lestelle is scheduled to meet Robert Gelbard, the U.S. assistant secretary of state for international narcotics matters.

During this meeting, Gelbard and Lestelle will start putting together the agenda on drugs and drug-related issues for the "Summit of the Americas."

The inclusion of the subject of drug trafficking at the summit meeting was proposed by President Menem to U.S. Vice President Al Gore during the latter's recent visit to Buenos Aires.



**Czech Prime Minister Signs Trade Accord***LD2004120394 Prague Radiozurnal Radio Network in Czech 1000 GMT 20 Apr 94*

[Excerpt] [Presenter] Prime Minister Vaclav Klaus will today end his visit to Argentina and leave for Chile, the next stopover on his 10-day tour round Latin American countries. Our special correspondent in the prime minister's entourage, Miroslav Konvalina, reports from Buenos Aires.

[Konvalina] An agreement on cooperation between the ministries of foreign affairs of the Czech Republic and Argentina was signed in Buenos Aires on 19 April. Czech Prime Minister Vaclav Klaus and Domingo Cavallo, Argentinian minister of economy and public works and services, also signed a memorandum on the imminent conclusion of an agreement on a free-trade zone between our countries or even between the whole regions, including CEFTA [Central European Free Trade Association] in Central Europe and MERCOSUR [Common Market of the South] in Latin America. The memorandum obliges the two countries to finalize as soon as possible the agreements on the protection of investments and on the prevention of double taxation. [passage omitted]

**Memoranda of Understanding Signed***PY2004123394 Buenos Aires NOTICIAS  
ARGENTINAS in Spanish 2326 GMT 19 Apr 94*

[Text] Buenos Aires, 19 Apr (NA)—Czech Prime Minister Vaclav Klaus, who is making a state visit to our country, and [Economy Minister] Domingo Cavallo—in his capacity as acting foreign minister—today signed two memoranda of understanding.

The first memorandum pertains to political consultations, while the second provides for the initiation of talks leading up to the signature of a free trade agreement between both nations.

The memoranda were signed during a ceremony at the Economy Ministry attended by Czech Ambassador Ianko Peki, Vice Foreign Minister Fernando Petrella, Energy Secretary Carlos Bastos, Horacio Liendo, the legal, technical, and administrative coordination secretary, and Transport Secretary Edmundo Soria.

In the absence of Foreign Minister Guido Di Tella, Cavallo remarked that the political and economic transformation of the former socialist state has been "very successful." He envisaged that this would open up greater possibilities for cooperation between the two countries.

He pointed out that upon Klaus' own initiative, both countries will start negotiations on the liberalization of bilateral trade and the possibility of channeling trade through Mercosur [Common Market of the South] and

the bloc made up of the Czech Republic, Slovakia, Hungary, and Poland, which have already signed a free trade agreement.

Negotiations are also under way between the Argentine and Czech Governments to reach an agreement on the elimination of visa requirements, investment guarantees, and doing away with double taxation.

**Shots Fired at Coast Guard Patrol***PY2004140194 Buenos Aires NOTICIAS  
ARGENTINAS in Spanish 2145 GMT 19 Apr 94*

[Text] Buenos Aires, 19 Apr (NA)—It was officially reported in Buenos Aires today that an Argentine Coast Guard [PNA] patrol boat that was patrolling the Uruguay River was the target of shots fired from the Brazilian coast, after it had seized fishing nets unlawfully set in the river.

The incident occurred yesterday 763 km downstream on the Uruguay River, 12 km from the city of Santo Tome in Corrientes Province, when the PNA "BA-3608" patrol boat became the target of many shots fired from a suburban district in the city of Sao Borja in Brazil.

In a communique the PNA reported today that the shots hit the water a few meters from the patrol boat's hull, and that in view of the attack the PNA personnel carried out "zigzagging" maneuvers to escape the shots, without repelling the attack because it came from foreign territory.

The incident occurred a few minutes after the PNA personnel had seized fishing nets unlawfully set on the Argentine side of the river, and while they were investigating the suspicious movements of a boat that was crossing from the Argentine coast to the Brazilian coast.

During the routine PNA river operations and patrols, 28 1,228-meter long fishing lines and 27 1,197-meter long fishing nets unlawfully set were seized, and four Brazilian citizens detained.

Court proceedings, labeled "Attack Against River Patrol," were filed on the incident. The federal judge of the city of Paso de los Libres will handle the case.

**Interpol Detains Bolivian in Buenos Aires***PY2004194094 Buenos Aires NOTICIAS  
ARGENTINAS in Spanish 1557 GMT 19 Apr 94*

[Excerpt] Buenos Aires, 19 Apr (NA)—Local Interpol agents this morning detained a Bolivian citizen. His capture was requested by the Bolivian Interpol on charges of participating in eight murders in the Bolivian city of Sucre.

The individual was identified as Juan Carlos Garcia Guaman or Guzman. He was a member of a paramilitary group during the governments of Generals Luis Garcia

Meza and Luis Arce Gomez. He allegedly participated in the killing of eight Movement of the Revolutionary Left [MIR] leaders.

Garcia was placed at the disposal of Federal Judge Adolfo Bagnasco and will testify tomorrow.

The incident that prompted Garcia's capture occurred on 17 July 1980 when the group in which Garcia participated entered the MIR party offices on Harrington Street, in Sucre, and machine gunned the eight persons in the room. [passage omitted]

#### **Salta City Teachers Demonstrate, Clash With Police**

PY2004212694 Buenos Aires NOTICIAS  
ARGENTINAS in Spanish 1732 GMT 20 Apr 94

[Text] Salta, 20 Apr (NA)—Demonstrators and police clashed again today in the main plaza of the city of Salta when a provincial teachers demonstration degenerated into serious disturbances.

The disturbances took place in the plaza, where police chased and beat demonstrators, including an elderly lady who fell on her back.

As a consequence, four university students were arrested in the Casino de las Nubes, where they had sought refuge.

The Human Rights Commission was able to get the arrested students taken to the Medical Culture House and not to a police precinct.

This is yet another chapter of the very long struggle by the provincial teachers to obtain payment of money they are owed within the framework of a conflictive situation.

Some 2,000 provincial teachers participated in today's demonstration. They marched along demanding salary improvements.

Teachers from the provinces of Buenos Aires, Formosa, Cordoba, and Santa Fe participated in today's demonstration to show solidarity with their Salta colleagues.

#### **Demonstration Continues; Strike Set**

PY2004235394 Buenos Aires NOTICIAS  
ARGENTINAS in Spanish 2154 GMT 20 Apr 94

[Excerpt] San Salvador de Jujuy, 20 Apr (NA)—Some 2,000 state workers participated today in a peaceful demonstration in front of the provincial Government House demanding better salaries.

The protest, the first one in the tenure of new Governor Oscar Perassi, was organized by the State Unions Front, whose main leader is Carlos "Perro" Santillan, the municipal workers' leader.

The workers, who are demanding that the 80-peso increase granted by the government be incorporated into their fringe benefits package and not be considered just a

pay increase, were policed by a Border Guard unit because no policeman put in an appearance.

The labor leaders who put themselves at the head of the protesters indicated today that on 27 April they will carry out a general strike in the province if the government does not give a concrete answer to their demands.

Despite the fact that there were no incidents, the demonstration was held in an atmosphere of tension because the recent serious incidents in the beginning of the month still are on people's minds. [passage omitted]

#### **Cavallo Views Consumption Rate, Taxes, Loans**

PY1904235994 Buenos Aires CLARIN in Spanish  
16 Apr 94 pp 18, 19

[Interview with Economy Minister Domingo Cavallo by "special correspondent" Jorge Luis Velazquez on 15 April in Boston, Massachusetts]

[Text] [Velazquez] Is the party over now?

[Cavallo] The point is that the current consumption boom [preceding word in English] will not be permanent. Later it will return to more moderate levels. A 4 percent consumption growth rate in a country with a 1.3 percent population growth rate represents a 2.6 percent consumption growth rate per capita per year. This trend remains unchanged, even though it is more moderate. I have never talked about reducing consumption.

[Velazquez] In this case, what brackets of the population will have to begin moderating their consumption rate?

[Cavallo] The middle income bracket, and especially the high income bracket, was the one that has benefited greatly from this wealth effect. Those who earn 500 or 600 pesos are not included in this bracket. These people consume all they earn. The middle and high income brackets of the population went overboard in recent years. Therefore, these brackets will have to become more austere.

[Velazquez] Isn't there a risk of this formula being recessive?

[Cavallo] Not at all. Those who say it is necessary to devalue are the ones who cause a recession. Nevertheless, they are mistaken from one end to the other. It would never occur to us to cause this type of consumption reduction. This formula is neither necessary nor appropriate. It is a Pyrrhic solution to increase exports by causing a recession.

[Velazquez] Are you planning to levy new taxes on consumption goods?

[Cavallo] No. We are duly collecting the existing consumption taxes like IVA [value added tax], income taxes, and the independent employers' and employees' contributions. These revenues are more than enough to finance public spending.

[Velazquez] I wanted to know if you actually are planning to levy new taxes on consumption goods in order to discourage consumption...

[Cavallo] Well now, these taxes already are acting as an encouragement for savings. For example, if you are securing a loan for consumption [goods] you will be paying IVA on the interest rate. Nevertheless, if the loan is for investment in a company, you can include this tax in the IVA on sales. There is already a number of elements in the tax structure, taxing consumption and not taxing investments and savings. These fiscal incentives are becoming increasingly significant in taxpayers' decisions. They did not have a real impact when taxes were not paid.

[Velazquez] What other measures are you planning to take to increase savings and discourage consumption?

[Cavallo] We are not thinking in terms of new packages, but in improving the implementation of measures we already have announced.

[Velazquez] What measures?

[Cavallo] Everything concerning the fiscal pact's implementation. For example, the deregulation of professional fees; the privatization of the electric system, the fresh water system, and the sewers; the privatization of provincial banks; the transfer of pension funds to the federal government; the final removal of gross income and keeping a single tax for retailers; and the deregulation of construction standards, among other measures.

[Velazquez] How will you convince the banks to direct their loans toward investments?

[Cavallo] We have to make sure there will not be any instrumental bottlenecks for intermediary services in short- and long-term loans. Short-term loans actually are very costly for banks because they have to be assessed and implemented many times. Mid- and long-term loans are assessed once, have good guarantees, are collected automatically, and do not have to be constantly rewritten. The operational costs for long-term loans are lower than loans for consumption [goods].

[Velazquez] And why are the banks not warning about this point?

[Cavallo] I believe the "economics" of mid- and long-term loans still are not duly taken into account by the banks because they attach great importance to the risk of unbacked loans. Stability by itself is reducing this risk for the banks. And we will see if we can do something to further reduce this risk and facilitate the extension of deadlines for the repayment of loans.

[Velazquez] What are you thinking of to achieve this goal?

[Cavallo] Well now (Cavallo ponders), I cannot name a given mechanism now, but my people are studying experiences from other countries to find ways of

reducing the risk of unbacked mid- and long-term loans, especially mortgage loans and similar loans.

#### Views Savings, Investment

PY2004175194 Buenos Aires CLARIN in Spanish  
20 Apr 94 p 18, 19

[Report by Jorge Luis Velazquez from Boston]

[Text] Domingo Cavallo has said he is convinced that the dynamism of the stability plan will end up encouraging an increase in internal savings and slowing down the growth of consumption. The minister added, however, that the Economy Ministry will "help" speed up the process. Tax controls will be reinforced, exporters will receive incentives, and measures will be adopted to get banks more interested in the business of long term loans.

The minister described the scenario during a conversation with CLARIN at Harvard University, a few minutes after talking with a group of Argentine students on Argentina's current economic situation. The minister answered questions on corruption reports, the removal of Martin Redrado, and the small budget allocated to education.

"The savings rate increased by nearly 2 percent last year. It currently stands at 16 percent of the gross domestic product. The trend will consolidate after we implement the private pensions system. Savings will be encouraged by a nearly zero inflation rate and a more effective application of tax policies," Cavallo added.

The minister said he had his eyes on wealth tax contributors. "We eliminated many tax exemptions, and will now redouble our efforts to make sure regulations are strictly fulfilled, just as we are doing with the item profits."

The minister said at every chance that his recipe only contains more of the same medicine. He cited as an example the recent decree establishing guidelines on public spending. The minister said the decree made official an "unwritten" norm that the ministry enforced through regulations on budget programming. But the government decided to add legal weight to the instrument because of the need to establish stricter controls, and in order to reduce the administration's spending rate.

Cavallo said the government will soon present a bill establishing a new fiscal mechanism to encourage the export of capital goods. Entrepreneurs will be able to postpone the payment of the value added tax [VAT] on their operations until they receive their tax return on the VAT applied on sales.

"Another source of internal savings will be in the form of long term mortgage loans, which we still do not have enough in the market," Cavallo said.

"Why do you think banks will stop preferring loans on consumption which are short term and have higher spreads?" CLARIN asked.

"The demand will no longer be oriented toward those loans, and banks will have to compete and offer longer term lines and lower interest rates. It will also be advantageous for banks, because long term loans have minimum administrative costs which are applied just once, when the loans are granted.

Will the government implement specific measures to speed up the process?

"We are thinking of measures that will contribute to creating better conditions for banks to see more quickly where the business is. The law regulating the creation of mortgage securities [securitizacion de hipotecas] for trading in the capitals market points in that direction, the minister said, while walking through areas he remembered from his years as a Harvard student.

The minister denied that current policies carry the risk of recession. He defended his position with an example: "The Austral Plan provoked an increase in internal demands in 1985. But it also provoked a 20 percent drop in the volume of exports, which lasted two years. With the convertibility plan we were able to maintain our export rate stable during the first two years. Exports started to pick up in the third year, and they continue to grow today."

Cavallo's speech is strictly in accordance with what he has been saying since the Guadalajara meeting. In the IDB [Inter-American Development Bank] meeting in that city three days ago, the minister minimized the possible influence of the U.S. interest rate hike on his decision to promote an increase in internal savings.

"This year we might receive a little less capital investment. But that is not a determining factor. Everything will depend on us. Just as in the past we used external savings to finance investments, we must now take advantage of the fact that a reactivation in the United States might provoke greater demand for our products," the minister reiterated in Boston, the oldest city in the United States.

#### Grand Front Leader Discusses Plans

PY2004000294 Buenos Aires CLARIN in Spanish  
17 Apr 94 p 9

[Interview with Grand Front leader Fernando Solanas; place and date not given]

[Text] [CLARIN] Solanas, give us your opinion of Sunday's [10 April Constituent Assembly] elections.

[Solanas] I believe we had a great election throughout the country. We obtained nearly four times more votes than in October 1993, and we have the support of more than 2 million citizens. And watch it; this alliance is not yet one year old.

[CLARIN] Are you satisfied with your results in Buenos Aires?

[Solanas] What do you think? We went from 260,000 votes to approximately 1 million, and in addition the Front beat Raul Alfonsin practically without any resources. And, [Carlos] Chacho Alvarez was spectacular in the federal capital, in addition to Monsignor Jaime de Nevares' victory in Neuquen Province and all the districts where we fielded candidates. The seed has been planted; now we have to water it.

[CLARIN] But one must know how to water the seed; otherwise it could rot.

[Solanas] At this time we must continue our opposition of this model and continue to be consistent with our ideas and conduct. In addition to that fact, we must continue to expand the Front so it becomes the banner for all social forces in the cities and the interior, the production and cultural sectors.

[CLARIN] Will there be a merging of the Front with parties in "disuse" as forecast by Chacho Alvarez?

[Solanas] I am a staunch Grand Front supporter and logically I will support any initiative that will serve to unify the forces that are part of the Front. But we will be very careful not to shut the gate: Ours is a very large house, and he who agrees with our proposal can enter it.

[CLARIN] Regarding the criticism that is emerging from the official sector in that you do not have a proposal?

[Solanas] What has happened is that the more than 2 million votes were like a punch in the middle of the chest and they are out of breath. The [Eduardo] Duhalde faction [of the Justicialist Party] dropped from 48 to 42 percent, and Carlos Menem does not have his re-election guaranteed.

[CLARIN] And what is the proposal?

[Solanas] We want a different country than the one we are living in, a more just country with an equitable distribution of wealth. We are an alternative to that neo-conservative model and are going to clearly define a program for the 1995 elections together with the Congress of Argentine Workers, the Agrarian Federation, and the small- and medium-sized business sectors.

[CLARIN] Will you compete with Chacho Alvarez for the presidential candidacy?

[Solanas] Please, do not let us start creating problems where there are none.

[CLARIN] The fact is that Sunday's elections chose both of you as candidates.

[Solanas] We have agreed with the Front's leadership that the space we have gained and all the candidacies, even those for town council members, will be respected. We will debate this at the end.

[CLARIN] You are not going to be a presidential candidate?



[Solanas] I can be, and I may not be. This will be resolved between all of us at the appropriate time.

### **Bomb Explodes at Army Officer's Home**

PY1904220994 Buenos Aires NOTICIAS  
ARGENTINAS in Spanish 2104 GMT 19 Apr 94

[Text] Cordoba, 19 Apr (NA)—A low-intensity explosive device exploded at the home of an Army official who, according to neighbors, had been commissioned to Artillery Group No. 161 in Zapala, Neuquen Province.

Even though the reports that First Lieutenant Daniel Vega, a physician, had been commissioned to that garrison were not officially confirmed, they were not denied by military authorities either.

According to what was made public by Cordoba Province Police, the explosive device went off at around 0200 local time and caused only minor damage and no injuries.

The explosion only caused some damage to the door of the house located at 112 Jacinto Rios Street in the General Paz district, where Vega and his wife live.

## **Bolivia**

### **Official: \$25 Million Needed To Defeat Trafficking**

PY2104032894 Madrid EFE in Spanish 1443 GMT  
20 Apr 94

[Text] Vienna, 20 Apr (EFE)—A high-ranking Bolivian government official stated that Bolivia needs at least \$25 million per year to be able to implement a sustainable development program, "which is the only way to defeat drug trafficking and extreme poverty."

This week Mario Soliz Valenzuela, national social defense secretary of the Bolivian Government Ministry, said: "As the world community knows, the Bolivian Government does not have those resources; this is why we appeal to the international community for cooperation if there is a true desire to do something concrete."

He added: "The Bolivian Government alone cannot wage, under such unfair circumstances" a war "against foreign drug traffickers, their technology to produce and export, their safety measures, and their flow of money and power, which is what makes international cooperation a must."

In his address to the 37th session of the UN Commission on Narcotic Drugs, headquartered in Vienna, that will end on 22 April, Soliz said the drug problem will still be "long and bloody."

Bolivia is the world's second-largest producer of coca leaves, after Peru, and the second-largest cocaine exporter, after Colombia.

Soliz called upon "friendly governments, international organizations, and financial enterprises such as the

World Bank and the IDB [Inter-American Development Bank] to help the Bolivian Government use its potential to eradicate surplus coca plantations by 1997."

The Bolivian Government plans to open a land register for the Chapare region, which will help obtain foreign financial aid "to start alternative development programs in the coca production region and, for the first time, give peasants there access to a market economy, free of any suspicion."

The mere possibility of obtaining a legal deed as a result of the census "increases the property value nine-fold with the advantage of being able to obtain direct financial aid," asserted the Bolivian Government representative.

Soliz added: "Many things are changing in Bolivia lately, such as the broader approach to the longstanding problems we have endured."

One of the goals established by President Gonzalo Sanchez de Lozada's government is to give priority treatment to the problem of illegal drug trafficking and consumption, "which we combat in a resolute, frank, and decided manner."

Currently, the fight against drug trafficking in Bolivia is centered on alternative development and police and legal interdiction of drug organizations, as well as prevention, stated Soliz.

The UN International Drug Control Board, in its 1993 report disclosed in February, urges Bolivia to modify its law regarding consumption of coca tea and the chewing of coca leaves "unless it believes that the reasons for including this product on the list of the 1961 Convention are no longer valid," and, if so, it would have to propose that it be eliminated from the list.

In this regard, Soliz said that in Bolivia the Law of Special Regulations on Coca and Controlled Substances, Law No. 1008, "allows the legal use of this product, such as in the coca tea industry, the chewing of coca leaves, and its use for rituals, and establishes that Yungas is the traditional coca production zone," where the replacement of coca plantations must be "voluntary and compensated, and bans coca plantations throughout the rest of the country."

Soliz explained that Bolivia has reached an agreement with the United States to eradicate 5,000 of the 8,000 hectares of coca planted per year in exchange for financial aid for the Bolivian balance of payments.

Soliz admitted, however, that although a plan for an alternative development has been implemented, "it still has not reached a degree that will allow a reduction of the production of coca and cocaine that reaches the consumer countries."

Therefore, if productive activities that might absorb labor and generate political and social stability are not

promoted, "one cannot dream of a voluntary reduction of surplus coca plantations," that is, those prohibited by Law No. 1008.

Substitution "must entail products that will have a foreign market; if not, alternative development is unfeasible," asserted the Bolivia social defense secretary.

#### Minister of Government Quiroga Interviewed

PY1904215194 La Paz Television Nacional Network in Spanish 0230 GMT 19 Apr 94

[Minister of Government German Quiroga interviewed by Carlos Mesa in the "Up Close" television program in Associated Journalists Television, PAT, studios in La Paz—live]

[Excerpts] [Mesa] Good evening. Bolivia is currently experiencing difficult times. It has to prove the strength of its democratic system and show its ability to resolve a problem which until very recently no one would have suspected would ever happen: unproven charges that a political party, and even a former president, maintained close ties with drug traffickers and drug trafficking.

This has led to other secondary issues: Bolivian ties with the United States, our degree of dependency, and our limited independence.

We will be discussing this and other issues with German Quiroga, minister of government of President Sanchez de Lozada's administration. Mr. Quiroga is here with us to discuss, as already announced, if Bolivia has a strong degree of dependency, if Bolivia is as submissive as it seems in its bilateral ties, and how are we to combat drug trafficking in Bolivia.

Good evening sir, and thank you for accepting our invitation.

[Quiroga] Good evening, and thank you, Carlos. I believe it is important to discuss the trafficking issue, which is an increasingly growing phenomenon.

Trafficking is probably the largest multinational company that has ever existed in the history of humanity. Its networks have spread worldwide. It has huge fleets of planes and sophisticated communications systems. They are excellent and powerful financial experts.

Unfortunately, because of difficult conditions, Bolivia has become the second largest producer of cocaine in the world. This has compelled us to think beyond our daily limitations, beyond political parties, beyond government administrations that change every four years, and even beyond our borders. The trafficking issue compels all Bolivians, men and women, to make a joint effort to halt this harmful problem.

Once we agree on the elemental principle of what trafficking consists of and its huge dimension, we have to revise many of the issues linked to the antidrug struggle.

[Mesa] Allow me to ask you an odd question. In practice, is Bolivia a truly independent and sovereign country?

[Quiroga] Yes, absolutely. It is an independent and sovereign country, at least in spirit. If we view the issue of dependency, it is closely tied to economic problems, to resources. From this point of view, Bolivia is a strongly interrelated country. Above a true political willingness to define specific issues—specifically referring to resources—there are certain prerequisites which do not allow us to put them in practice. Today we live in an incredibly interrelated world. As you might recall, there was a serious scandal a couple of years ago in the United States because some Japanese businessmen bought almost a fourth of Manhattan. One of the most prominent buildings in Manhattan, the Rockefeller Center, was purchased by the Japanese. Americans took to the streets with their placards to stage their characteristic protest demonstrations and say what was wrong with the officials who allowed the Japanese in.

I mention this just to show that all countries are strongly interrelated. Bolivia is an independent country because it is capable of making its own decisions.

[Mesa] But you surely agree that we should not compare Japanese-U.S. ties with Bolivian-U.S. ties.

[Quiroga] Definitely.

[Mesa] President Gonzalo Sanchez de Lozada views the situation differently. In his 9 April speech he said Bolivia is very dependent, although his words were softened when the text of his speech was published.

[Quiroga] But it is not a permanent dependency, am I right? Despite the interrelation I mentioned previously, Bolivia is a very independent country because it enjoys the absolute freedom to elect its officials and to enforce its own rules and regulations. So, in spite of what you have said and the great interdependency among countries, Bolivia enjoys an acceptable level of sovereignty.

[Mesa] You have just mentioned a key issue regarding dependency. You have just said that we are absolutely free to choose our national officials.

Let us view the issue in context. It is obvious that the U.S. Government—to which we refer—does not care who is appointed social communications minister, or customs director, or director of the regional sports institute. But obviously it is interested in who is appointed to the cabinet post that is directly involved in fighting drug trafficking.

This is the first issue: the difficulty of appointing officials directly involved in the fight against drugs.

Moreover, there is specific evidence that the U.S. ambassador has exerted direct pressure on one president, Gonzalo Sanchez de Lozada [as heard]. With or without justification, U.S. Ambassador Robert Gelbard specifically forced [former President Jaime] Paz Zamora to

request the resignation of [FELCN, Special Antinarcotics Force, chief] Faustino Rico Toro, General Carvajal [not further identified], and Interior Minister Guillermo Capobianco.

Paz Zamora said in an interview that if the U.S. ambassador disagreed with the appointment of some officials—who, we could add, were involved in the fight against drugs—the ambassador just had to accept them.

Would you say the U.S. Embassy is today completely indifferent in this regard, are you saying it accepts and does not question these appointments with the minister of government, or is it that the minister of government and other government officials do not discuss with the ambassador the appointments of the FELCN chief or other key police officials involved in the antidrug fight?

[Quiroga] I believe these are completely separate issues. The sovereignty issue, the freedom of governments and officials to appoint their government team, is based on confidence.

The fact that Bolivia lost this confidence—for whatever reason—the process of allowing officials to lead the antidrug struggle with the absolute certainty that it was being properly handled resulted in different levels of intervention which do not exist at this time.

Today we are facing a credibility problem in Bolivia. This is not just the result of what in the last few days has been described as narcopolitics, it is the result of many things which have even caused international organizations to lose confidence in Bolivian authorities. One thing leads to another, it grows and grows until it is up to the United States to decide whether the interior minister stays or goes.

Under normal conditions, under conditions of mutual confidence—because I am aware that President Clinton is absolutely certain Sanchez de Lozada will not permit these kinds of defects—I reassert that we enjoy complete freedom to choose our officials.

Probably if we make a first mistake, if we nominate an official who had ties with drug trafficking, or if we overlook some ties with drug trafficking, this confidence will be lost and we will return to this vicious circle. But this is not the case now.

[Mesa] You mentioned some incidents that caused U.S. Government officials and international organizations to mistrust Bolivian officials. Would you say this has just changed following Gonzalo Sanchez de Lozada's election? Would you say the Americans fully trust him, was this an automatic process...

[Quiroga interrupting] No, not at all. This entails a process. The situation did not change abruptly overnight. Things do not work like that. This entails a process. It is a slow and joint effort, based on honesty, which has restored confidence in Bolivia.

This lack of confidence probably halted what I choose to call the nationalization of the drug struggle. Had Bolivia, as a nation and under the previous administration, not experienced profound faults in its handling of drug trafficking and not been associated with drug trafficking, today Bolivia would probably be playing a more important role in the drug struggle. Although this was not the case in our bilateral ties with the United States or in our multilateral ties with international organizations, we are reacquiring this confidence. Thanks to the work of a team of men and women at the national level, not just at the Ministry of Government, we have been able to restore this confidence.

[Mesa] Theoretically speaking, what would happen if the government, for any reason, decided to replace the current FELCN chief and appoint someone else. Would you say the government would appoint this new authority without consulting—without discussing it, if you will—with the U.S. Embassy?

[Quiroga] I would consult the FELCN and the intelligence organizations and ask them to give me a report on the background of the person to be appointed to that post.

[Mesa] Not the U.S. Embassy?

[Quiroga] No, not the embassy because there is an information system. Perhaps it would be interesting at this time to define the FELCN and how it operates...

[Mesa interrupting] ...yes, allow me to...

[Quiroga interrupting] ...to explain...

[Mesa interrupting] ... yes of course...

[Quiroga interrupting] ...then, yes...

[Mesa interrupting] Allow me to pose a few more introductory questions so that we may later discuss this issue which is of course very important.

Another important question is whether the Ministry of Government, which you head, has any U.S. Embassy officials working inside it?

[Quiroga] No, no.

[Mesa] Did any U.S. Embassy officials work there in the past?

[Quiroga] I do not know. But there are none at this time.

[Mesa] Are there any policemen, or high-ranking personnel in charge of coordinating any tasks with the United States—a liaison officer? Someone like "Our Man in Havana," as the novel goes...?

[Quiroga interrupting] ...Well, there are coordinating activities. There are joint undertakings but at this time no one can say there is a U.S. Embassy official within the structure of the Ministry of Government. Absolutely not.



[Mesa] You told me you would like people to know about the FELCN. First I would like you to explain, how is the Ministry of Government organized? What does it do? What does it encompass? What are the responsibilities of the ministry under you charge?

[Quiroga] Well, the Ministry of Government is divided in two sections: The domestic control system, under the police force. This is headed by the Domestic Order and Police National Secretariat. The other section is the Social Defense Secretariat which deals with coca, cocaine, and drug prevention. These are the two main ministry branches from the operational viewpoint.

[Mesa] It is important to explain that the justice system is no longer under the jurisdiction of the Ministry of Government. This is very important because based on the new organization of the justice system, the Ministry of Government has ceased to be in charge of the prosecutors office, etc., is this true?

[Quiroga] Yes, that is correct. [passage omitted]

[Mesa] You have mentioned that many people believe the DEA is involved in FELCN operations. What is more, Bolivians believe the DEA is really in charge of conducting intelligence work and even indirect antidrug operations. Some even say the Americans arrested Faustino Rico Toro, but this is not the issue in question.

The BBC has produced a documentary, which we have already aired on PAT and on which journalist Amalia Pando did some research. This documentary showed DEA agents kicking down doors in Chapare. I believe this is not part of the DEA's work.

This is not our invention. It is documented in a film which shows the operations were planned in Washington in conjunction with the Southern Command, which is based in Panama, and that the FELCN chief was merely informed about the operation once it was complete.

This documentary also shows DEA officials directing operations aboard a flight to Santa Ana, giving instructions to the pilots, the Red Devils, and carrying guns.

This is not just theory. It is documented—not by ill-intentioned Bolivians but by reputed and objective BBC journalists who are free of all suspicion.

There is evidence that the DEA is not limiting its activities just to advisory or intelligence work.

[Quiroga] As I told you a few minutes ago, the DEA works in conjunction with two FELCN units, one of them being UMOPAR [Mobile Police Unit for Rural Areas].

We are currently implementing a program to gradually decrease the number of DEA agents in the country. Those who are working are personnel contracted by the DEA. They are U.S. police agents, contracted by the DEA, who have had military training. The number of those advising and training our police personnel is

gradually decreasing. For example, in 1992 there were 35 Snow Cap agents. In 1993, there were 21. This administration has agreed with the U.S. Embassy that there will be 11 DEA agents in Bolivia.

[Mesa] This means then that there are 11 DEA agents in Bolivia.

[Quiroga] Eleven Snow Cap agents. We are speaking about UMOPAR and the DEA, not the entire set up because they comprise completely different and independent units.

There are 11 U.S. officers who were brought in by the DEA and who are directly working with Bolivian troops.

In 1991, the year the BBC report was aired—Operation San Ramon took place in 1990—there were probably about 100 Snow Cap agents. This number has decreased. At the time Bolivia did not have trained personnel or the means to conduct antidrug operations. Let me remind you that at the time we were conducting antidrug operations using hired gunmen, highly trained killers—that is what those Colombians were.

But this is not the case today. Not because Government Minister Quiroga has more leeway to make independent decisions than previous government ministers. Not at all. This is because of current prevailing conditions in UMOPAR and because of its increasing effectiveness. We now have just 11 U.S. citizens working closely with our troops.

Beyond the fact that we can make more sovereign decisions, Bolivian police officers are now in charge of conducting antidrug operations. They are the ones who conduct the raids and seize....

[Mesa, interrupting] How many DEA agents are there in Bolivia?

[Quiroga] Right now there are 33. The number of DEA officials vary from 25 to 40 or 45. It depends on the season of the year. Sometimes the Bolivian Government requests the presence of an expert in a specific field. Sometimes they send us one or two. They train people in their field and then leave. At no time are there more than 40 or 45 DEA agents in the country.

[Mesa] Is there a specific U.S.-Bolivian agreement defining the limitations, prerogatives, and restrictions on DEA agents?

[Quiroga] There is no specific agreement establishing these terms. Our ties in this area are mainly based on three documents signed by the Bolivian and the U.S. Governments.

One is a general document—the Vienna Convention—which defines the prerogatives of representatives of foreign countries. [passage omitted]



**Correction to Further on Paz Zamora's Testimony**  
*PY1804181494*

The following correction pertains to the item headlined "Further on Paz Zamora's Congressional Testimony," published in the 18 April Latin America DAILY REPORT, page 34:

Column two, paragraph two, only sentence make read: He referred to an alleged U.S. plot designed to get back at him because his...(rewording for clarity)

**Brazil****Editorial Criticizes U.S. GATT Position**

*PY2004145294 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Apr 94 p A3*

[Editorial from the "Notes and Information" page: "The Fallacy of Social Dumping"]

[Text] The speech with which U.S. Vice President Al Gore closed the GATT meeting gave the wrong tone to the transition period that the multilateral trade organ has now begun toward its transformation into the World Trade Organization (WTO). The U.S. vice president brought to the fore the same subject that the U.S. and French delegations unsuccessfully tried to include in the ministerial declaration of Marrakech: the social dumping issue. Like almost all the initiatives of the Clinton administration, this is a clumsy, incomplete proposal that has provoked ambivalent perceptions and dubious feelings. It gives the impression of an ingredient that has been deliberately undercooked to be used later for whatever purpose. The representatives of developing countries have consequently, and rightly, rejected the idea. No matter how good the intentions of the U.S. Government—which has declared its desire to preserve human rights—the effects of a social agenda will be those of the most glaring protectionism, the victims of which will be those economies that use manpower in large volume.

This issue has emerged with a touch of irony. Developing nations have for decades tried to go from theoretical discussion and factual descriptions to the adoption of concrete compensatory mechanisms for resolving the problem of the deteriorated terms of exchange. While the price per volume of raw materials and semi-processed products exported by poor countries was steadily dropping, the manufactured products exported by industrialized countries consumed—at a growing speed—the currency reserves of poor countries. Entire forests were cut down for producing paper on which to print the speeches and studies on the deterioration of the terms of exchange made at multilateral forums like ECLA [Economic Commission for Latin America], Ecosoc [Economic and Social Council] [Consejo Economico y Social], GATT, and in universities.

This has produced no change in world trade. Over the past 30 years the price of coffee—which supported the economy of entire nations—has dropped to the current levels, at which it is impossible to run a farm. Copper, which guaranteed prosperity of an extractive agricultural country like Chile, is today anachronistic, and fiber optics and other energy transmission techniques are expected to soon declare its final death as a generator of wealth.

All this has produced compulsory changes, always involving economic loss and social friction which, whenever well-managed, are recalled by people as a difficult transition to better times. In several cases, though, it has placed countries with an extractive, primary economy on the list of the poor.

Vice President Al Gore now also wants the terms of exchange to be regulated by the salaries and social rights of workers in exporting countries. The argument is terrifyingly simple. An underlying condition is that because human rights are the same everywhere and in all nations, social rights should also be the same. This will finally lead to the equalization of salaries, just as the trend toward globalization of production has equalized prices. A surtax should be applied to the production of countries in which manpower is cheaper and social rights narrower or less generous. This surtax will eliminate the comparative advantage of lower personnel costs.

It is not necessary to say that this funny theory will clash with the vast majority of developing countries, which over the past few years have oriented their industry toward the export sector. Industrialized countries will look for the solution to the problems that have been caused by their own high social costs inside developing countries, or in countries that have recently developed their industry. They will be transforming conditions that fall within the jurisdiction of national organs into conditions for international trade. The fact that countries either pay high salaries or give few social benefits to their workers to promote their exports would at no time be taken into account. Low salaries are caused by low productivity, and this cannot be resolved through tariff surcharges.

The proposal by Al Gore actually aims at transferring to developing countries the social and unemployment problems that industrialized countries are now confronting. At the Marrakech meeting Foreign Minister Celso Amorim went right to the point in his speech, in which he repudiated the social dumping thesis. It is an anti-liberal thesis driven by the siren song of freedom and equality. It is protectionism in its most detestable form, because it distorts values that must be preserved.

**Export Promotion Program Said To Break GATT Rules**

*PY1904191794 Sao Paulo GAZETA MERCANTIL in Portuguese 15 Apr 94 p 5*

[Article by Livia Ferrari]

[Text] The foreign trade promotion program proposed by the Ministry of Industry, Commerce and Tourism (MICT) does not take into account the international rules that were ratified in the Uruguay Round of the General Agreement on Trade and Tariffs (GATT).

In the opinion of the Association of Brazilian Exporters (AEB), for this reason it will not be accepted by the multilateral trade organ.

The program provides for the creation of fiscal incentive mechanisms, which contradict the GATT Code of Subsidies. The third article of the Code condemns the creation of foreign trade incentives based on "export performance" [preceding two words in English]. Despite this, the MICT project foresees that in order to have the fiscal incentives approved, enterprises will take minimum export commitments.

The matter was analyzed yesterday during a meeting of AEB entrepreneurs, for whom the project must be subject to external auditing for evaluation of specific conflicts with GATT principles.

AEB President Marcus Vinicius Pratini de Moraes is concerned that the program proposed by the government—despite the fact that it is more generalized than the previous one (described in Draft Bill No. 3721/93, which provided for incentives for automobile exports only)—will artificially create unequal competition conditions for various industrial sectors.

Pratini de Moraes said: "The old Beflex (an export fiscal incentive program created by Pratini de Moraes himself, when he was minister of industry and commerce, during the Medici administration) was a good program, and fulfilled its objective more than 20 years ago." In his opinion, the best way to support Brazilian foreign trade is to eliminate the tax burden on exports.

#### **Editorial Views Downing of U.S. Helicopters**

PY2004025694 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Apr 94 p A3

[Editorial from the "Notes and Information" page: "Friendly Fire"]

[Text] Jet fighter pilots are naturally aggressive. If they were not, they would fly transportation airplanes or sell insurance. That is why when they find two helicopters flying in an exclusion zone it is not surprising that they would shoot their missiles and down their targets. The problem comes afterward, when they find out that the helicopters they downed were American, like the F-15's they were flying in. The 26 American, British, French, and Turkish men who died as a result of "friendly fire" in Iraq were truly victims of a series of mistakes that, considering the first reactions of the U.S. Government, will not be corrected very soon.

The helicopters were downed in full daylight. Apparently the Friend or Foe Identification (IFF) systems of the two

helicopters, which were being followed by earth radars and an AWACS, did not work. The equipment failure or the pilots' forgetfulness in turning it on was a fatal element, but not the only one. The F-15's made visual contact with the helicopters. They confused American Blackhawk helicopters with Soviet Hinds, but what is really strange is that they did not make any attempt to positively identify or scare away the transgressors from the exclusion area. This shows that the firing rules of the pilots who patrol northern Iraq are extremely strict and leave crucial decisions to the criteria of men submitted to extremely tense conditions. This time, the too-quick finger on the trigger took the lives of 26 fellow countrymen and allies.

The tragedy was the result of two prior decisions. The first one, reflected in U.S. interventions in the past few years, lies in the belief in air power as a solution to political problems. Was it necessary to protect the Kurds in the north and the Shiites in the south? Two air exclusion zones were established and whatever flew there was to be downed. Are the Serbs not bombing Sarajevo and Gorazde? Down them and silence their artillery with air-to-ground fire. No matter how technologically advanced the American air arsenal may be, it cannot solve what should be solved by politics. The situation of the Kurds, the Shiites, and the Iraqis in Iraq and the Moslems in Bosnia will only be solved when somebody presents, at the appropriate moment, a peace plan attending to the needs of all parties.

The use of the Air Force may in some cases speed up the moment to which we are referring. But its use will always imply siding with one party, and this decision cannot be made independently of the conflict's context. The United States and NATO cannot pretend that the air exclusion and confiscation of heavy weapons are part of an ideal quest for peace and nothing else. These measures reduce the military capability of the Serbs without interrupting the hostilities. And when the Serbs realize the limitations of the use of air power—estranged from an efficient policy—they attempt to reduce or annul the threat. When attacked from the air, the Serbs in Bosnia began to treat the UN land forces as hostages and a foreign army that needs special permission to move. From there to the recovery of the confiscated weapons was nothing but a small step.

In Iraq the Kurds were used as a pretext to create conditions that were believed to lead to the downfall of Saddam Husayn. The Iraqi dictator is only one of the Kurds' enemies. The other enemies are the governments of Turkey, Iran, and Russia, countries where the Kurdish nation is disseminated. The Kurdish nation will only be able to build its desired national state through the breaking away of one or several of these countries, which is something practically unthinkable. Thus, the objective of the exclusion zone is to prevent Saddam Husayn from controlling the entire Iraqi territory. Ever since the exclusion zone was imposed, the Kurds in Iraq have been bombed by the Turkish Air Force, a U.S. ally through NATO. The 26 Americans, British, French, and Turks

did not die to protect the lives of the Kurds. They were the victims of a confusing and inconsistent policy.

### Trade Mission Departs for Vietnam

PY1904211294 Sao Paulo GAZETA MERCANTIL in Portuguese 16 Apr 94 p 5

[Text] The first Brazilian trade mission since the reestablishment of diplomatic relations with Vietnam in 1989 departed on 15 April for Hanoi. The group, which is headed by Ambassador Celso Marcos, chief of the Itamaraty Trade Promotion Department, is made up of diplomats and representatives of several sectors of the economy.

The trip's purpose is to detect business opportunities as a result of the Vietnamese economic opening since the end of last year. The civil construction, energy and electricity, oil and petrochemical, agrobusiness, and car parts industries are represented in the mission, AGENCIA BRASIL has reported.

The Vietnamese Government already has informed Itamaraty of its interest in developing economic and trade relations with Brazil, especially in infrastructure projects. There are considerable possibilities in other fields, another Brazilian diplomat said. Thus, these contacts may increase bilateral trade, like in the fields of food and heavy machinery manufacturing.

The oil field also is interesting for Brazil, which is why Petrobras [Brazilian Petroleum Corporation], Braspetro [Petrobras International, Inc.], and Furnas [Furnas Electric Power Plants, Inc.] have sent representatives on this mission.

Foreign Minister Celso Amorim believes the intensification of relations with Vietnam may open new markets for Brazilian companies as well as for Vietnamese companies. Last year, Brazilian exports to Vietnam were \$4.2 million, while imports from there were \$13.5 million. Brazil imported nearly \$3 million worth of rice alone. The main goods exported by Brazil were chemical products and industrial equipment.

The rapprochement with Vietnam is part of the Brazilian Foreign Ministry's strategy to increase trade with the Asian countries that have had the greatest economic growth indexes in the whole world in the past few years. Nearly 16 percent of Brazilian international trade is carried out with this region. Trade with this region, according to Itamaraty, is well below its potential.

Beside the mission that went to Hanoi, Itamaraty also will demonstrate interest in intensifying diplomatic relations with Vietnam by choosing a building for a Brazilian embassy. The Brazilian Embassy in Singapore is currently responsible for Brazilian interests in Vietnam.

### President Praises Mercosur's Accomplishments

PY2104005494 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 20 Apr 94

[Text] President Itamar Franco today presided over the graduation ceremony of new diplomats from the Rio Branco Institute. In his speech the president mentioned the credibility Brazil is gaining in the international scene. He stressed the success obtained by Brazilian diplomacy in the UN Security Council and the GATT Uruguayan Round.

President Itamar Franco also assessed the economic situation and said the reorientation of the economy is a result of the consolidation of democracy. The president mentioned Brazil's more competitive situation in the international market, especially its presence in the regional economy:

[Begin recording] Mercosur [Common Market of the South] is a clear example of success. Exchange among its members increased from \$3.5 billion in 1990 to \$8 billion in 1993. Associations among enterprises and institutions in the four countries are increasing, and large transnational companies are making investments in the subregion with an eye on the free trade zone that will soon take total effect. We will continue prioritizing Mercosur, whose consolidation we are seeking. For this purpose we will continue to pursue the objectives of uniform customs in the terms and conditions agreed upon in Colonia [Uruguay]. [end recording]

The president also stressed the importance of environmental matters and he called the attention of the developed countries to their responsibility in this field:

[Begin recording] Brazil, with its enormous environmental patrimony, has a share of responsibility in the environmental issue as well as in the promotion of sustained development. The developed countries should assume their responsibilities, especially those related to the transfer of financial resources and healthy technologies to developing countries. [end recording]

President Itamar Franco told the newly graduated diplomats that the quest for peace and international cooperation for economic and social development must be at the top of the international affairs' agenda.

### Poll: Lula Would Win Current Runoff Election

PY2104010494 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 20 Apr 94

[Text] The Brazilian Public Opinion and Statistics Institute, Ibope, has released its latest opinion poll on the October election. This is how Brazilians would vote if the presidential election were held today.

Ibope considered three possible candidates for the Brazilian Democratic Movement Party, PMDB. Here are the figures:



If the election were held today, according to Ibope, Workers Party candidate Luis Inacio Lula da Silva would be first with 34 percent of the votes; Senator Fernando Henrique Cardoso of the Brazilian Social Democracy Party would be second with 17 percent; former Rio de Janeiro Governor Leonel Brizola of the Democratic Labor Party would be third with 9 percent; former Sao Paulo Governor Orestes Quercia—if he were the PMDB candidate—would be fourth with 6 percent; Senator Espiridiao Amin of the Progressive Renewal Party would be fifth with 3 percent; and Liberal Party candidate Flavio Rocha would be sixth with 2 percent. The rate of undecided voters, blank and void ballots, would total 29 percent.

Let us now see what would be the electoral outcome if the PMDB candidate were Senator and former President Jose Sarney:

In this case, if the election were held today, Lula would be first with 31 percent; Cardoso would be second with 16 percent; Sarney would be third with 13 percent; Brizola would be fourth with 8 percent; Amin would be fifth with 3 percent; and Rocha would be sixth with 2 percent. The rate of undecided voters, blank and void ballots would total 27 percent.

If the PMDB candidate were former Parana Governor Roberto Requiiao, the electoral outcome would be as follows:

Lula would remain in first place with 34 percent; Cardoso would be second with 17 percent; Brizola would be third with 10 percent; Amin and Requiiao would be joint fourth with 3 percent, and Rocha would be at the bottom of the list with 2 percent. The rate of undecided voters, blank and voided ballots would be 27 percent.

The Ibope survey also inquired how Brazilians would vote in a runoff election among the most voted candidates during the first round. Four possible alternatives were considered. Here are the results:

A runoff between Lula and Cardoso: Lula would obtain 44 percent and Cardoso 32 percent. The rate of undecided voters, blank and voided ballots would total 24 percent.

A runoff between Lula and Sarney: Lula would obtain 44 percent and Sarney 31 percent. The rate of undecided voters, blank and voided ballots would total 25 percent.

A runoff between Lula and Quercia: Lula would obtain 51 percent and Quercia would obtain 19 percent. The rate of undecided voters, blank and voided ballots would total 30 percent.

A runoff between Lula and Requiiao: Lula would obtain 52 percent and Requiiao would obtain 17 percent. The rate of undecided voters, blank and voided ballots would total 31 percent.

Ibope also asked voters who would be the best candidate for the PMDB. Senator Sarney is first with 37 percent,

Quercia is second with 18 percent, and Requiiao is third with 11 percent. A total of 36 percent of those polled stated that they have no preference among these candidates.

Ibope also asked voters for whom they would not vote under any circumstance. Brizola appeared as the most rejected candidate. Here are the figures:

According to Ibope, 49 percent of those polled said they would never vote for Brizola; 34 percent said they would not vote for Quercia; 31 percent would not vote for Lula or Rocha; 30 percent would not vote for Amin; 29 percent would not vote for Sarney; 27 percent would not vote for Requiiao; and 21 percent would not vote for Cardoso. Some 7 percent of those polled said they have nothing against any of these candidates while 9 percent declined to state their opinion.

Ibope polled 2,000 voters nationwide between 13 and 17 April.

**Cardoso Appoints Program, Campaign Coordinators**  
PY2004224594 Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Apr 94 Section 1 p 6

[Article by Emanuel Neri]

[Excerpt] Fernando Henrique Cardoso has chosen Deputy Jose Serra (PSDB-SP) [Brazilian Social Democracy Party-Sao Paulo State] to coordinate the drafting of his government program.

Cardoso has also chosen former Deputy Euclides Scalco (Parana State) as the national coordinator of his electoral campaign. Scalco will in turn designate the respective regional coordinators.

The program will be completed by 21 May when the PSDB national convention will officially nominate Cardoso as its presidential candidate. Serra will be assisted by a team of aides.

Serra, who is expected to seek a Senate seat for Sao Paulo State, is considered to be one of Cardoso's closest and most influential friends. If Cardoso is elected president, Serra is likely to become his finance minister.

Serra understands Cardoso's political thinking better than anyone else. Their relations are often marked by disagreement and tension. In addition to drafting the government program, Serra will serve as a type of permanent adviser to Cardoso.

Scalco's appointment seeks to assuage the wrath of the leftist wing of the PSDB over the alliance that has been almost concluded with the PFL [Liberal Front Party] and over the virtual choice of Deputy Luiz Eduardo Magalhaes—son a former Bahia Governor Antonio Carlos Magalhaes—as Cardoso's running mate.



Scalco has always been identified with the left wing of the PSDB. His first task will be to confer with the PSDB blocs that oppose a coalition with the PFL. [passage omitted]

#### Problems Seen Over Alliance With PFL

PY2104033094 Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Apr 94 Section 1 p 6

[Article by Emanuel Neri]

[Text] In addition to facing internal opposition to the alliance with the Liberal Front Party [PFL] for Fernando Henrique Cardoso's presidential candidacy, the Brazilian Social Democracy Party [PSDB] is having problems forming coalitions to back candidates at the state government level.

In many states local PSDB members support the agreement with the PFL at the national level, but they reject regional coalitions with the same party.

Ceara, the state run by the only PSDB governor, is the best example of this conflict.

PSDB members in Ceara State do not want to hear about any alliance with local PFL members, whom they regard as their longtime adversaries.

In Ceara State, PSDB members would rather form an alliance with the PT [Workers Party] and the PDT [Democratic Labor Party]. The PT could nominate the running mate for Tasso Jereissati, the PSDB candidate for governor of Ceara State.

Deputy Jackson Pereira (PSDB-Ceara State) said: "There is a no-win situation here." If Cardoso comes to Fortaleza to attend a rally, the local PSDB leaders will not allow their PFL counterparts to share the same stage with them. "Either the presidential candidate decides not to come here, or we will have to hold separate rallies," Pereira added. In Pernambuco, the PSDB has two federal deputies who may have to go separate ways.

Deputy Wilson Campos (PSDB-Pernambuco State) supports the gubernatorial candidacy of Miguel Arraes, who is running for the PSB [Brazilian Socialist Party]-PT coalition. The other PSDB deputy for Pernambuco is Maurilio Ferreira Lima, who favors an alliance with the PFL and the PMDB [Brazilian Democratic Movement Party].

Campos has suggested that the PSDB give freedom of action to its members to vote for the candidate of their choice in the Pernambuco gubernatorial election. He said that, otherwise, he would still vote for Arraes and admitted the possibility of voting for [PT candidate Luis Inacio] Lula [da Silva] for president.

In his efforts to widen his support base, Cardoso has compounded these conflicts. In Mato Grosso do Sul State, the local PSDB branch reached an agreement with the PMDB to support PMDB gubernatorial candidate

Wilson Martins. The incumbent governor, Pedro Pedrossian (Brazilian Labor Party), has torpedoed the agreement.

Pedrossian persuaded Cardoso that in order for the presidential candidate to obtain his support the local PSDB must endorse the gubernatorial candidate nominated by Pedrossian. This provoked a division among PSDB members in the state.

There is a similar problem in Parana State. The local PSDB branch already has agreed to form a coalition with Jaime Lerner, the Democratic Labor Party candidate for Parana governor, but Cardoso has promised Popular Party leader Alvaro Dias that the PSDB would support him.

Deputy Deni Schwartz (PSDB-Parana State) said: "They are going to destroy the party if they insist on that agreement." He said Lerner has always been "loyal" to the PSDB and does not deserve to be abandoned.

In Rio de Janeiro, Cardoso will face the predicament of having to support one of these two candidates for governor: Marcello Alencar (PSDB) and General Newton Cruz (Democratic Social Party), who could obtain the PFL endorsement.

#### Political Parties' Government Platforms Viewed

PY2004124994 Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Apr 94 Section 1 p 6

[Article by Gustavo Patu]

[Excerpts] The parties that have presidential candidates have prepared government platforms based on amendments to the Constitution despite the fact that the constitutional revision process is paralyzed.

All the government platforms so far prepared foresee amendments to the Constitution. FOLHA has done a study of the proposals of the parties that intend to launch their own candidates for president of the Republic. [passage omitted]

PDT [Democratic Labor Party]—Proposal Reduces Federal Taxes

The proposals to amend the Constitution included in the preliminary PDT platform are:

- Tax reform, by reducing the number of federal taxes from eight to four (Article 153).
- Increase national budget allocations for social programs—such as health, basic education, and housing—for states and municipalities (Articles 20 and 32).
- Modify the number of deputies per state in the Chamber of Deputies so that the number of deputies is proportional to the number of inhabitants per state (Article 45).

—Cancel special retirement pensions for professionals not subject to stressful activities such as, for example, congressmen (Article 201).

**PSDB/PFL [Brazilian Social Democracy Party/Liberal Front Party]—Parties Disagree Over Income Tax Rule**

The PSDB and the PFL are still discussing proposals for constitutional amendments. The main points are:

- Tax reform, by reducing the number of taxes (Article 153). The two parties disagree over income tax rules.
- Reform the social security system so as to increase minimum wage retirement pensions (Article 201).
- Redistribute federal budget allocations for states and municipalities (Articles 20 and 32).
- Make the state monopoly in the fields of oil and telecommunications (Articles 176 and 177) more flexible. The PFL wants monopolies abolished.

**PT [Workers Party]—Reform Affects Labor Union Structure**

The amendments included in the PT preliminary government platform are:

- Tax reform, by including a program to guarantee a minimum income (Article 153).
- Redistribute federal budget allocations among the federal government, states, and municipalities (Articles 20 and 32).
- Eliminate single labor union membership by allowing a labor category to be represented by more than one labor union (Article 8).
- Make changes in Labor Court powers (Article 114).
- Establish external control over judicial branch decisions (Article 99).
- Ensure party fidelity (Article 17).

**PMDB [Brazilian Democratic Movement Party]—Government Platforms Seeks To Modify Federal Budget Allocations**

The main amendments proposed by the PMDB range from creating new taxes to changes in Chamber of Deputies representation.

- Tax reform: The PMDB government platform does not explain what amendments it considers necessary (Article 153).
- Reform the social security system (Articles 201 and 202).
- Redefine federal budget allocations among the federal government, states, and municipalities (Articles 20 and 202).
- Make public monopolies more flexible (Article 17).

—Ensure party fidelity (Article 17).

—Make changes in the representation of the states in the Chamber of Deputies (Article 45).

### **Bahia Governor To Run in General Elections**

PY2104033494 *Brasilia Voz do Brasil Network in Portuguese* 2200 GMT 20 Apr 94

[Report by Salete Sodreia from Brasilia]

[Text] The Federal Supreme Court, STF, upheld the Bahia State law allowing the local legislative assembly to indirectly elect former Governor Antonio Carlos Magalhaes' successor.

The former governor resigned his position to run in the 3 October general elections. The Bahia legislative assembly had approved a law allowing the election of a successor to finish the gubernatorial mandate. A group of parties resorted to the STF, stating that the law was unconstitutional because gubernatorial elections must be handled by Congress. They also alleged that voting for the successor could not be open as established in Bahia State law. By a seven-four vote, the STF justices ruled the state law was based on the Constitution and that Gov. Antonio Carlos Magalhaes' successor must be elected in 30 days. Vice Governor Paulo Souto also resigned his position to run in the October elections.

### **Bishops Reject Church Leader's Election Remarks**

PY2004115394 *Rio de Janeiro O GLOBO in Portuguese* 19 Apr 94 p 3

[Text] Sao Paulo—Comments on the October elections have divided the Catholic Church. Criticized by his fellow bishops at the 32d General Assembly of the National Conference of Brazilian Bishops (CNBB) for having made political remarks, CNBB President Dom Luciano Mendes de Almeida yesterday stated that he will no longer reveal his ideas about the October elections. Dom Serafim Fernandes, archbishop of Belo Horizonte and vice president of the CNBB, has said that Mendes de Almeida's opinions reflect "only his personal views," and are not in keeping with CNBB ideas about the current political situation.

Fernandes said: He has every right to express his personal views on the electoral process, but they do not necessarily reflect the CNBB's position.

In informal comments made at the Itaici convent on 17 April, Mendes de Almeida described the PSDB-PFL [Brazilian Social Democracy Party-Liberal Front Party] alliance as "a rather coercive marriage." In recent days, the bishops have exchanged caustic remarks over the release of an electoral leaflet sponsored by the CNBB. The wording of the leaflet was considered to be favorable to the PT [Workers Party].

Catholic priests and laymen have criticized Mendes de Almeida's remark about the PSDB-PFL coalition. One

of his main critics was Dom Jose Carlos de Lima Vaz, auxiliary bishop of Rio de Janeiro. Lima Vaz said Mendes de Almeida's remarks may lead to misunderstandings, and may give the impression that the CNBB has reservations about the PFL. Dom Boaventura Kloppenburg, bishop of Novo Hamburgo, also criticized Mendes de Almeida by noting that no one may state that the market economy proposal—which is upheld by several parties, the PFL included—is unfeasible.

Mendes de Almeida had been criticized earlier for having met last week with PT leader Luis Inacio Lula da Silva. The meeting was seen as a move to bring the Church and the PT closer together. According to Mendes de Almeida, the meeting was held at Lula's request and was focused on specific issues, such as the removal of the proposal to decriminalize abortion from the PT program. He assured his CNBB colleagues that the Church will not support any one candidate.

Mendes de Almeida said at the CNBB assembly: We ought to meet with all the other presidential candidates, too.

#### Officers Dismissed Over Bribe List Disclosure

PY2004121094 Rio de Janeiro O GLOBO in Portuguese 19 Apr 94 p 1

[Text] Following orders from Rio de Janeiro Governor Nilo Batista, Military Police [PM] Commander Carlos Nazareth Cerqueira yesterday dismissed Lieutenant Colonel Valmir Brum from his post as chief of the PM Judicial Department. Brum is an officer who was engaged in the operation against the numbers game operators. Brum's dismissal was decided at a meeting between former Rio de Janeiro Governor Leonel Brizola and leaders of the Democratic Labor Party [PDT]. Lieutenant Colonel Francisco Sergio Rangel, who has also taken action against the numbers game kingpins, will also be dismissed. Lieutenant Colonel Marcos Antonio Paes, chief of the PM Secret Service, who also actively participated in the operation, will be given a leave of absence on 28 April to take a course, and is not likely to resume his post. The three officers have always been praised by their PM superiors and by the Rio de Janeiro State Government, but they were criticized when they disclosed that politicians linked to the PDT were on the list of those who received bribes from the numbers game kingpins. They have been charged with "planting" the names of Governor Batista and PDT congressmen. The dismissals have provoked indignation among the prosecutors who are handling the case, who once again contended that the list is genuine.

#### Problems Involved in Currency Implementation

PY2004134994 Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Apr 94 Section 1 p 9

[Article by Carlos Alberto Sardenberg]

[Text] The most probable date for the implementation of the real is not 1 June. The proposals are now centered on 1 July, but a lot of people inside and outside the government consider it possible that the new currency will be put into circulation on 1 August.

As the government imposed upon itself the regulation that the public be informed of the launching of the new currency with 35 days' notice, the first decisive date is 27 April. The government thus has 10 days to evaluate whether the conditions exist for putting the real into circulation on 1 June. That is very little time for resolving the many problems the economic plan is facing.

There are at least two basic conditions to be met before the real can be implemented. The first condition is that the economy should be operating in URV's (real value units). The second is that inflation in real cruzeiros remain stable, that is, the same inflation rate should be repeated for a reasonable period of time, such as, for example, three months.

The first condition is far from being accomplished. The (energy, fuel, and telephone, etc.) utility rates will not be converted into URV's until the end of May, according to Finance Minister Rubens Ricupero.

These utility rates are important factors in the production costs of any merchandise. It will thus not be possible to conduct internal economic activity in URV's until after the end of May, when the utility rate values are known.

Aside from this, industry and commerce do not yet conduct their business in URV's. Commerce, which paid industries in installments and collected cash from consumers, obtained financial profits by putting the money received on the financial market. This profit will disappear with the URV.

In turn the industries, knowing they would receive their money in 30 or 60 days, added to their prices the financial cost of the expected inflation. In sales in URV's this financial cost will have to be eliminated—that is, industries should give discounts.

It is just that commerce wants a discount that is large enough to compensate for the losses it will suffer with the end of the market gains. And the industries, of course, want to give the smallest discount possible. As long as this is not defined, the economy will not be stabilized.

The other condition for the implementation of the real—the stabilization of inflation—can only be evaluated in June. During the first month of the URV, that is, in March, inflation in real cruzeiros varied between 41.9 percent and 45.7 percent. This means that inflation in URV's was 43.5 percent. It is possible that this index will be repeated this month, indicating there is no new inflation.

In May, however, the prices of winter clothes may make the inflation rate surpass 43.5 percent, and then it will be



necessary to wait for the inflation of June to verify whether other factors are fueling inflation.

The government is not in a hurry. The rules for issuing the real are not even defined, according to statements by Central Bank President Pedro Malan. He denies that the government is being delayed. "We are not lost," he said, "we are benefiting from the time the debate is taking."

### **Electricity Industry Privatization Postponed**

PY2004010794 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Apr 94 p 1

[Text] After meeting with Planning Minister Beni Veras and Mines and Energy Minister Alexis Stepanenko on 18 April, National Privatization Program Director Andre Franco Montoro Filho reported that the privatization of electricity industry companies will not be made during President Itamar Franco's administration.

According to Montoro Filho, the process' complexity made the privatization commission and Ministers Veras and Stepanenko decide to divide the sector into three areas—electricity generation, transmission, and distribution—under the coordination of one self-financed public company. The government concluded that by simply selling the electricity industry companies, it could leave regions that have no commercial appeal without electricity.

### **Arms Manufacturer Expansion Viewed**

PY2004003294 Sao Paulo GAZETA MERCANTIL in Portuguese 15 Apr 94 pp 1, 30

[Article by Celia de Gouvea Franco]

[Text] The prices of the products manufactured by the Brazilian Ammunition Company (CBC)—Brazil's largest arms and ammunition manufacturer—have since 1990 dropped very noticeably in real terms. Today, its Brazilian clients pay about 50 percent of the price they paid four years ago. On some products, the cut has been 70 percent.

This is the concrete and most tangible result, for consumers, of the broad managerial restructuring process the enterprise has undergone since 1990, and which is now entering its second phase.

The CBC was founded in 1926 by the Matarazzo family and is today controlled by the Arbi group of Rio de Janeiro (with 30 percent of the shares in the hands of the War Materiel Industry, Imbel). During 1994 it will invest \$8 million in Belgian and Italian equipment and machines that will allow the enterprise to double the production of some types of ammunition.

The enterprise has also begun a process in which part of the work will be contracted out to third parties. CBC suppliers will produce the parts and components that are not specifically built by CBC. For example, negotiations have already begun with suppliers of wood (imbuia and

ivantiji [types of Brazilian wood]). The wood is used for gun stocks. Considering the production of ammunition and arms involves productive processes of metallurgical and chemical nature, it is wiser to order wooden pieces from specialists.

The plan to order parts from third parties is, however, more comprehensive, as CBC president Antonio Marcos Moraes Barros put it. CBC intends to buy from third parties most of the 105 items that it uses to manufacture rifles. At its factory in Ribeirao Pires, in the Sao Paulo industrial belt, CBC will continue to master essential technology for arms production, like rifle chambers and barrels, and the assembly and testing phases, for which the company has special equipment and laboratories.

A third major point in this plan is an advertising campaign that the enterprise has set in motion, at an estimated cost of \$2.8 million, through the Enio Minardi agency.

Some six months ago, the enterprise ordered a survey to identify who buys arms and ammunition in Brazil. The main conclusion is that buyers are generally frightened people, who are upset and who make the decision to buy arms as a reaction to violence. They frequently buy a gun that is not suitable for their objective, or the incorrect ammunition.

Based on that information, ads were published in magazines—beginning with EXAME VIP—describing the arms that can be bought in Brazil and how they can be bought. This first ad specifically referred to the 12-caliber pump-action shotgun. The ad emphasized security for the consumer's home or business. The decision to publish the adds was delayed, Barros said, because the enterprise knows this is a sensitive matter that can hurt people's feelings.

With this advertising campaign, CBC is trying to diversify its consumer market. The enterprise is looking for consumers because it decided that increasing its production capacity and its production itself are the basic goals of its restructuring plan—the first stage of which is based on a quality program that introduced radical changes into the productive processes.

The company's production capacity is increasing very much: In 1991, the company manufactured 12 million rounds of ammunition and 1.6 million guns (shotguns and rifles); this year, it will produce 22 million rounds of ammunition and 7 million guns. This represents an increase of 83 percent and 337 percent, respectively. But is there market for all the CBC production? Is the demand for weapons increasing in the same proportion?

Barros promptly says no. He adds that, at best, international demand for arms and ammunitions is stagnant. The fundamental difference for the company, however, is that it has noticeably increased its exports. Over four years, the CBC sales abroad increased from \$11.5 million to \$24.5 million. Currently, 60 percent of the ammunition and 80 percent of the guns produced by



CBC are exported. Basically, what made the company gain a bigger market share in the United States, all European countries except Italy, Malaysia, Singapore, Taiwan, and Australia was its prices, which are nearly 5 percent lower than those of its main international rivals.

Exports Director Gilberto Salm said the company is also selling, although indirectly, to some East Europe countries. Companies headquartered in West European countries purchase CBC arms and ammunition and reexport them to other countries, including countries of the former Communist bloc. The Brazilian Government supervises these sorts of exports.

As a result of the recent emphasis given to exports, the Armed Forces are no longer the CBC main customer. Some years ago, as much as 35 percent of the CBC production was purchased by the Brazilian Armed Forces. This has dropped to 10 percent. The CBC reorganization process began in 1990 when the Arbi group bought the company in 1979 [date as published] from the two partners who had been controlling the company since 1936 (the U.S. Remington Arms Co. and the British ICI complex). Barros was appointed president of the company by the Arbi group after having worked at the Eluma company for 18 years. During the time Roberto Gusmao headed the Industry and Commerce Ministry, he was the ministry's secretary general.

The reorganization began by the adoption of new production procedures. Without funds to invest in large projects or expensive machinery, the best alternative to modernize the company was to adopt quality control measures and redesign its assembly line.

A good example of the changes implemented has been given by CBC Operations Director Marco Aurelio Salvany: Previously, as a result of the location of the assembly lines, the product sometimes had to "cover" nearly 1.5 km from one section of the plant to another. The new assembly line design places all the machinery required for the manufacture of a certain product in a much smaller area, so there is less loss of time and materials. The company also implemented a system that allows workers to suspend manufacture of a specific product when its stock reaches preestablished levels.

Barros explained: "Before the reorganization started, the company had as much as \$12 million worth of completed products in stock. Currently, it only has \$4 million worth in stock. Reduced financial costs resulting from the drop in the value of products in stock has, so far, paid for the reorganization process." To pay for the equipment that the company plans to purchase this year, the CBC consulted the National Bank for Economic and Social Development about the possibility of obtaining financing.

So far, the CBC reorganization program has not increased the company's profits. On the contrary, the company has been registering losses since 1991 and last year made a "symbolic" profit of a little more than \$200,000. This was contemplated in the initial project

but, as a result of the expected exports hike, prospects for this year are more favorable. Barros preferred not to reveal the profit expected for 1994. He said the results depend very much on factors that are very difficult to forecast, such as exchange rate behavior.

The company's reorganization program has significantly affected the routine of its employees. First because the number of employees was cut from 1,584 employees in November 1991 to the current 1,334. This number, however, is not expected to change dramatically in the next few months, not even after more modern equipment is purchased and parts are ordered from third parties. The projected increase in production will require the company to retrain employees that would have to be dismissed and to keep them on the payroll.

As frequently occurs in programs that seek to improve the quality of a company's products, the workers have become much more involved in the productive process. Often, the workers themselves suggest ways to improve the products.

Naturally, the implementation of quality control measures is not new to the company. As it produces arms and ammunition, the company has always been forced to adopt special precautions. The CBC must be particularly careful about these precautions because it not only manufactures arms and ammunition, it produces practically all the necessary components too.

The CBC is one of only two companies in the world that produces powder and ammunition at the same time. Normally, ammunition manufacturers purchase powder from other companies. To keep the powder and the starting mixture (a chemical mixture that makes powder explode when the trigger is pulled) production process safe and under control, the CBC has built the units that manufacture these two products far from the other buildings. The products are manufactured with a minimum number of employees. Most of the process is controlled from a distance through automated systems.

### **Roles, Influence, Structure of NGO's Viewed**

94SM0287A Sao Paulo VEJA in Portuguese 9 Feb 94  
pp 70-77

[Article by Ernesto Bernardes and Kaïke Nanne: "Organized Brazil Works"; introductory paragraph in italics as published]

[Text] *In a lesson on efficiency and citizenship, 5,000 nongovernmental organizations [NGO's] show how to make the country come out right.*

If President Itamar Franco had a ministry called NGO, it would be by far the most active one in his administration. Last week its representatives could be found, for example, in the forests of Mato Grosso teaching Indians how to identify the boundaries of their lands in the jungle using satellites. Or in Baixada Fluminense taking

care of street children. Or in the Pernambuco countryside teaching lessons in anatomy to midwives and poor pregnant women. Or in the Pelourinho district of Salvador negotiating for the participation of blacks in the next film by American moviemaker Spike Lee. They would also be at FIESP [Sao Paulo State Federation of Industries] headquarters in Sao Paulo helping to improve the quality of industrial products.

It would be impossible for a ministry such as that to exist because NGO'S (nongovernmental organizations) are a type of organization that wants to keep its distance from the government. Scattered all over the country, organizations of that type are multiplying in crisis-ridden Brazil, where they devote themselves chiefly to ecological and humanitarian causes. According to the most recent survey, which was conducted two months ago, there are over 5,000 NGO's in the country, or twice as many as two years ago. Together they administer approximately \$700 million per year, or more than the gross domestic product of four states: Acre, Roraima, Amapa, and Tocantins.

There are thousands of successful examples all over the country:

1. Wagner dos Santos, the key witness in the Candelaria massacre, in which seven street children were murdered by police, is still alive because he is under the protection of two of those organizations in Bahia. Santos believes that he would have been killed already without that paralegal protection.

2. The government spends an average of \$550 per month to support each child in official agencies sheltering abandoned minors (FEBEM [State Child Welfare Foundation], for example). In Salvador, the Axe Project established by Italian attorney and educator Cesare de La Rocca, 55, spends a maximum of \$50 per month to feed and educate each of the 2,747 children it has rescued from the streets in recent years.

3. In Santarem, Para, the Health and Happiness Foundation is succeeding in eliminating cholera and other diseases, such as schistosomiasis, that are caused by contaminated water.

4. While public education is falling apart, the Federation for the Organization of Social and Educational Assistance (FASE) in Rio de Janeiro operates literacy centers and rural schools in 15 states, with total enrollment in the thousands.

| What They Do*               |         |
|-----------------------------|---------|
| Cause                       | Percent |
| Ecology                     | 40      |
| Popular movements           | 17      |
| Women's rights              | 15      |
| Blacks and racial prejudice | 11      |
| Needy children              | 6       |

|                               |   |
|-------------------------------|---|
| AIDS prevention and treatment | 3 |
| Indians                       | 1 |
| Other                         | 7 |

\* Causes supported by the over 5,000 NGO's in Brazil.

Crisis in utopia: Among Brazilian nongovernmental organizations, there is one that people would not be able to identify by its name: the Brazilian Institute of Social and Economic Analysis (IBASE). The name of that NGO says nothing, but its founder is more popular today than television's soap opera stars. In just a few months of preaching, sociologist Herbert de Souza, or "Betinho," has grabbed Brazil's attention with his national campaign against hunger, which is being directed from IBASE headquarters in Rio de Janeiro. "Betinho's" most impressive achievement has been to dramatize a problem to which Brazilians were no longer paying any attention. He has done so by arousing the impulses to solidarity that lie dormant in every citizen.

NGO's do a lot of their work following that pattern. In this end-of-the-century crisis in utopia, in which the major ideological currents have lost their power to grip people, the impulses for justice, equity, transformation, and progress have been channeled into thousands of very different tasks. No longer is there the aspiration to save the oppressed all over the world. The aim now, and the one preferred by NGO's, is to win victories that are small but capable of changing the life of the community in which they occur. "It is the segmentation of political participation," says scientist Bolivar Lamounier. In Rio de Janeiro, an NGO called the Brazilian Center for the Rights of Children and Adolescents provides sexual guidance for street kids, the object being to prevent the spread of sexually transmitted diseases. In Sao Paulo, the Black Woman's Institute supports musical rap groups. In Pernambuco, the Luiz Freire Center educates rural workers. Those are only a few examples of a network of organizations varying in size and complexity and involving the labor of 80,000 Brazilians.

"NGO's occupy the vacuum left by the crisis in ideologies and by the collapse of communism," says Deputy Carlos Minc (PT [Workers Party], Rio de Janeiro), who took up arms against the military regime in the 1970's and now devotes himself to the cause of ecology. A survey of representatives of 132 NGO's was conducted by the Higher Institute of Religious Studies (ISER) in Rio de Janeiro two years ago. It revealed that the great majority of the volunteers working in those organizations were former left-wing militants, like "Betinho" and Carlos Minc. One out of every six of those volunteers had been arrested for political activity under the military regime (see the table below). There is one area in which Brazilian NGO's are like those in the developed countries: they keep watch on the government and supplement government services. But they have one typically Brazilian feature.

Social maturity: Under the military regime, agencies such as the Brazilian Attorneys Association (OAB), the

Brazilian Press Association (ABI), and the Brazilian Society for Scientific Development (SBPC) reflected the element of opinion opposed to the dictatorship. It was commonly said at the time that the OAB, the ABI, and the SBPC, along with other similar organizations, were "civil society." Today, attorney Jose Roberto Batochio's OAB is in the conservative trenches opposing constitutional revision, as is the venerable Barbosa Lima Sobrinho, president of the ABI, who is defending the petroleum monopoly. At best, the OAB, ABI, and SBPC represent only their professional members. At worst, they do not even represent that. Ask any group of lawyers what they think of constitutional revision. It is probable that most of them oppose the OAB's position.

**Who NGO Participants Are\***

| Description                                                 | Percent |
|-------------------------------------------------------------|---------|
| University degree                                           | 87      |
| On NGO payroll                                              | 76      |
| Voted for Lula in first round of 1989 presidential election | 75      |
| Work for more than one NGO                                  | 56      |
| Have no religion                                            | 53      |
| Are priests or members of religious orders                  | 25      |
| Studied philosophy                                          | 21      |
| Arrested by military regime                                 | 17      |
| Claimed to be "Marxist-revisionists" in 1970's              | 14      |

\* Breakdown of the 80,000 Brazilians working in NGO's: what they were in the past, how they support themselves, and what they believe in.

For decades in Brazil, and especially on the left, there prevailed the idea that the state was a powerful entity capable of doing everything. To solve the problems, according to that line of reasoning, it was necessary first to conquer the government. "The proliferation of civic bodies such as NGO's is proof that a healthy distrust of the state's powers exists in a society that is becoming increasingly willing to take on tasks once regarded as being the exclusive responsibility of the government," says sociologist Leoncio Martins Rodrigues, a professor at Campinas University.

Obviously, it is not being suggested that things would go better in Brazil if the state were removed from its basic functions and replaced in those tasks by unofficial units like the NGO's. What is being noted is the growth of the idea of citizenship. People are participating increasingly in the solution of collective problems not only in the area of environment but also in that of social welfare or the promotion of some idea considered worthy. That is the main significance of the growing network of NGO's now spreading throughout Brazil. "It is a genuine product of democracy," says political scientist Francisco Weffort. "It confirms the growing maturity of Brazilian society."

Domestic accident: Former members of left-wing groups make up the majority of the leaders of Brazilian NGO's, but many people have decided to join without having a Red past. Rio de Janeiro attorney Cristina Leonardo, 35, became interested as the result of a domestic accident. Cristina, who is married to an engineer, was a bank employee and an ordinary middle-class woman until four years ago. Things changed on the day when the manager of her building reported to police that Cristina's son and some other children had stolen a pizza delivered to the front office. The 11-year-old boy was taken to a police station, where his mother had to go pick him up. "When I got there, I was appalled," she says. "There were dozens of children who had been arrested for minor offenses and who were still in jail because there was no one to come get them out." Cristina then decided to help the children and is still doing so today. She has worked for three NGO's in the past and currently coordinates an organization that helps more than 700 street children. She works at it full-time. "Today I am a different person," she says. "I have discovered that it is possible to change things when you get involved."

Another interesting example of someone getting involved is a physician and professor named Camillo Vianna, pro-rector of the Federal University of Para. Now 67 years old, Vianna coordinates the Society for the Preservation of Amazon Region Natural and Cultural Resources (Sopren), whose list of achievements is as long as its name. In Abaetetuba, 50 km from Belem, that NGO teaches children to read and write. It provides vocational training in dressmaking for groups of women. It teaches backwoodsmen to plant species for use instead of mahogany in furniture-making and to grow other fast-growing trees for the production of charcoal. It maintains a botanical bank with over 100,000 seedlings for reforestation and fruit growing. Vianna works miracles with an annual budget of \$2,000. His projects have already benefited 200 families and have become such a well-known success that they have been visited by 49 foreign experts. An enthusiastic promoter of community movements, the doctor uses his own money to register small NGO's with the authorities. So far he has established 30.

Forest reserve: The growth of NGO's is a worldwide phenomenon. There are currently 785,000 such organizations in the United States. They handle \$20 billion annually and involve from 10 to 20 percent of the population. There are 400,000 organizations in Europe with an estimated annual budget of \$10 billion. Easy to establish, having a flexible chain of command, and free of all bureaucratic control, NGO's have a number of advantages over traditional institutions. "NGO's are a laboratory for ideas in society," says Jorge Eduardo Durao, president of the Brazilian Association of Non-governmental Organizations. "They offer alternatives for development that neither the government nor traditional institutions can produce."



In the world of NGO's, there are individuals with fascinating histories. One example is businessman Roberto Klabin, commander of SOS Mata Atlantica, Brazil's largest environmental organization (3,000 members), and president of Dexie-Lalekla, which manufactures paper and plastic articles and bills \$41 million per year. When he was 15 years old, Klabin went hunting with his cousins on the family ranch in the Mato Grosso Lowlands. After many hours of walking, near a lagoon, the guide ordered them all to fire their rifles. "There are peccaries in there," he said. The gunshots brought down only one peccary: a pregnant female. "After that, there were no more hunting trips," says Klabin, 35.

The promise was taken seriously. The ranch on which Klabin took part in that hunting trip is now a private forest reserve covering 7,000 hectares. In that area, he has invested \$2 million to build the Caiman Ecological Refuge, the best-equipped hotel of its kind in Brazil, where foreign tourists, who make up most of its customers, are fascinated by the parade of wolves, coatis, deer, armadillos, anteaters, jaguars, and caimans and an infinite variety of bird species. Klabin devotes himself to ecological causes full-time. He is in the habit of going through the offices of friends and requesting money for SOS Mata Atlantica. He is almost always successful. Last year he raised \$105,000 for the Conservationist Businessman project and \$80,000 for Lagamar (the restocking of oyster beds in Cananeia on the Sao Paulo coast). His family's business, Klabin Paper and Cellulose Industries—the industry's largest in Brazil—shared with Bradesco and Light Metal the \$300,000 cost of satellite mapping the devastation of the Mata Atlantica.

**Turtles:** The growth of nongovernmental organizations on a worldwide scale is also the result of the planet's transformation into a global village. The collapse of ideological barriers and economic protectionism and the explosion in satellite communications have created a world without borders, the most visible result of which is public opinion that is international in character and interested in such topics as ecology, defense of the consumer, and minority rights. Nowadays, Brazilian blacks are in contact with the black movement in the United States and are directly influenced by it, while NGO's engaged in the most varied tasks receive financial help from their counterparts in the First World.

One proof that the world of NGO's has no borders is Englishwoman Cindy Morelli, a computer programmer in London. At the end of last year, she decided to pack her bags and head for Brazil after reading an advertisement in an ecology magazine. It was an appeal from the Tamar Project in Bahia, asking for volunteers to care for turtles on Forte Beach a few kilometers north of Salvador. "Every time I heard about some species of animal threatened with extinction, I would feel pain in my heart and want to help," the Englishwoman explained when she landed in Salvador on Christmas Eve. "This time I took courage and decided to act."

What followed was two weeks of hard work. During the day, she and five other foreigners tended the hundreds of baby turtles that were hatching and marked the females with metal tags. At night, they would return to the beach to guard the spots where turtles were laying eggs and protect the eggs from animals. Each of the volunteers, all recruited in different countries, paid \$1,595 to spend that time with the turtles. Established by the Brazilian Institute for the Environment (Ibama), the Pro-Tamar Foundation became autonomous when it became an NGO, and it now administers an annual budget of \$400,000. It is regarded as the world's largest project for the preservation of sea turtles, and it has already saved 1 million baby turtles along a 1,000-km strip of the Brazilian coast.

**Richard Gere:** Another sign of the internationalization of membership can be seen in the multinational networks of NGO's. The British organization Friends of the Earth, with offices in 47 countries, has become a veritable United Nations of the environment. Greenpeace, which was established in Canada in the 1970's, has 5 million members in 29 countries. The tentacles of those networks have a constant impact on worldwide public opinion. A good example is the cutting of mahogany trees in Brazil. For years, Brazilian ecologists had been protesting against exports of that kind of wood, such exports being responsible for the devastation of the tropical forest. No one ever paid the slightest attention to their protests until the Friends of the Earth organization put on a demonstration in front of Harrod's, the famous London department store where furniture made of mahogany extracted from the forests in southern Para was being sold. The British importers suspended their purchases of Brazilian wood. Concerned about its image, Harrod's hired actor Richard Gere to promote a campaign to gather funds for the Brazilian tropical forests during its annual pre-Christmas sale.

Richard Gere is the most recent in a gallery of famous patrons of Brazilian NGO's. As far as a great many artists, rock stars, aristocrats, and government authorities are concerned, there is no better marketing ploy than to have their image associated with defense of the capuchin monkey or the children starving on the streets of Brazil's big cities. Last week, model Bianca Jagger, the former wife of rock star Mick Jagger, was visiting Indian villages in Mato Grosso do Sul. She is the founder of the Amanaka organization, which defends Indian rights in South America. Part of the income from Paul McCartney's shows in Sao Paulo two months ago was donated to the Brazilian branch of Greenpeace. In November, two street children from Salvador had lunch with British Prime Minister John Major in London. Their trip to Great Britain was sponsored by the Ecumenical Service Coordinating Office (Cese), which represents six churches.

That explains something else about NGO's. They are one of the few pipelines for foreign money to have remained unobstructed in Brazil during the recession. It is estimated that \$8 out of every \$10 received by those



organizations is a foreign donation. In a calculation made five years ago, the United Nations estimated that NGO's in the Southern Hemisphere received \$6.5 billion annually from international financial organizations, including government financial institutions. One-third of that money is donated by large NGO's headquartered in the rich countries to their affiliates or branches in the Southern Hemisphere.

"Corrupt": "In the rich countries, many people would rather give money to those organizations than to government organizations. It is known that funds turned over to governments may be embezzled by the corrupt or wasted by the incompetent," says Eduardo Martins, former president of Ibama and now president of the WWF [World Wildlife Fund] in Brazil. There is another reason for the financial success of those organizations. In almost every case they are faster and more effective than the government when it comes to getting things done.

An example of that in Brazil is the National Environment Plan (PNMA). Under that plan, the government was to have received loans totaling \$133 million from the World Bank and Germany in 1990. It, in turn, was to put up \$33 million, making a total \$166 million. The money was to be used to set up the structure for Ibama, establish nature reserves, and improve those already in existence. But there was a condition: the funds had to be used by July 1993. But because of a succession of administrative foul-ups and complications accompanying the changes of administration, they were not used. The end result was that instead of receiving money, our country had to pay a fine of \$800,000 for violating its contract. If the money had been used efficiently, Brazil could have had 32 new national parks demarcated and equipped with all the necessary infrastructure by now.

Tired of losing money in the transfers of government funds intended for them, the two largest research centers in the Amazon Region, the INPA [National Institute for Amazon Region Research] in Manaus and the Goeldi Museum in Belem—both of them government institutions—decided to establish foundations to raise money abroad. The foundations are in fact NGO's and therefore not subject to control by the Union's bureaucracy. It is embarrassing for the Brazilian Government to have two official organizations forced to improvise a nongovernmental arm within their own structures in order to manage their funds better. "Before, the funds that arrived for us got held up in the Ministry of Finance," Jose Guilherme Maia, director of the Goeldi Museum, complains. "With the NGO, the money will be deposited directly in our account without passing through the government."

The size of some of those organizations in Brazil and the structures they have set up are surprising. The Brazilian Foundation for Nature Conservation (FBCN)—the oldest environmental NGO in Brazil, having been founded in 1958—has 100 employees and an annual budget of \$6 million. The Pro-Nature Foundation (Funatura), with headquarters in Brasilia, has an annual

budget of \$4 million. Gigantism sometimes leads NGO's to get involved in embarrassing situations. It was discovered in 1991 that David McTaggart, president of Greenpeace, the most obstreperous ecological organization on the planet, had done his own mother-in-law out of \$3 million. It was also proven that he had staged scenes of cruelty to kangaroos for a documentary filmed in Australia to attract the attention of green militants. McTaggart ended up being fired. There are also complaints in Brazil about NGO's being involved in shady deals (see below). But those cases are the exception in a world where stories of solidarity predominate. It is precisely for that reason—the image of seriousness that NGO's convey—that they are winning more supporters every day. Unfortunately, it cannot be said that government organizations—Congress, for example—inspire the same confidence.

### Global 'Bee'

Defining an NGO is as complicated as defining jazz—concerning which, as trumpet player Louis Armstrong said, "if you don't know what it is, explaining won't do any good." The name says that they are nongovernmental organizations, but does this mean that Volkswagen and Coca-Cola are also NGO's? No. NGO's are nonprofit organizations, a characteristic that excludes private firms. Also excluded from their number are union organizations such as the Sole Workers Union, corporative bodies such as the Brazilian Attorneys Association, and religious organizations such as the Catholic Church. So are political parties, since an NGO does not exist to contend for power.

The expression "NGO" was invented by the United Nations in the 1940's to designate unofficial organizations receiving financial help in carrying out projects of interest to groups or communities. Today it refers to groups as different as the International Association of Consumer Unions (IOCU), Amnesty International, and the Friends of the Earth, which is one of the biggest ecological organizations in the world with branches in 47 countries.

Legionnaire for childhood: One of the most successful instances in Brazil is the Axe Project in Salvador. With an annual budget of \$800,000, that NGO provides for 2,747 street children in the Bahia capital and is singled out by UNICEF as an example to the Third World. Its founder, Italian attorney and educator Cesare de La Rocca, 56, is a legionnaire when it comes to humanitarian causes. He was born in Florence and has lived in Brazil for 26 years. He has worked with children in Milan, Amazonas, and Rio de Janeiro. A bachelor, he is courting a UNICEF official who lives in New York and cares for children wounded in the war between Serbs and Croats. They manage to see each other twice a year at most. "It is a hard life, but I like what I'm doing," La Rocca says. The Axe Project, established in 1989, is the result of an agreement between the Brazilian NGO known as the National Movement for Street Boys and

Girls and the Italian International Cooperation Association New Land, with which La Rocca has had ties since the days when he lived in Italy. Among its big contributors are the United Nations, the International Labor Organization (ILO), and the European Economic Community. "We find it easy to obtain money abroad because our performance is exemplary," La Rocca says proudly.

Tourism for Gays: Starting an NGO is very simple. All you need to do is round up a certain number of partners, take the minutes of the first meeting, and register them with the authorities. Besides the environmental organizations, there are also so-called developmental NGO's, a category that includes La Rocca's Axe Project and thousands of tenants associations, community day nurseries and schools, and organizations for the defense of consumers, women, and minorities. The Nativity Native Foundation in Sao Paulo provides political training courses for workers. The Calabar Group in Salvador fights for the rights of a community descended from runaway slaves. There is also the Bahia Gay Group, which receives money from Canada with which to publish tourist guides for the homosexual public. NGO's are like capillary vessels. In the social fabric, there is no place where they do not appear.

#### Tale of the Adopted Trees

Rio de Janeiro's tradition of scams includes as one of its oldest tricks that of selling Sugarloaf Mountain to people from Minas Gerais. Rascals later made a living selling the Rio-Niteroi Bridge. The deal now is to sell trees in the Amazon Region to foreigners. Anyone who knows the region knows that a safer investment is to buy a plot of land on the moon. Several NGO's are involved in that strange real estate venture. One of them is the International Ecological Club of the Amazon Region (CEIA) in Brussels, an NGO established by an Italian woman named Livia Gasbarra. The former owner of restaurants in Sao Paulo, Gasbarra now sells trees in the Capim River Valley in Para for \$50 each. The buyer receives a certificate and pays another \$50 every year to maintain his or her pet tree. The trouble is that the CEIA is selling what it does not own. In the place indicated on the map sent to prospective buyers, there are no forests whatever belonging to the CEIA. "We are still going to plant the trees," the Italian woman claims. "That is why we are collecting funds." Gasbarra swears that she has sold 240 trees since October, 20 of them to members of the European Parliament. If she manages to sell 10,000 as planned, she will be billing over half a million dollars.

Mountain climbing in a palm tree: "I would never give money to one of those organizations," says Roberto Esmeraldi, Brazilian president of the NGO called Friends of the Earth. Such cases occur because there is no supervision of NGO activities. Being nonprofit organizations, they are exempt from taxes and any kind of supervision. That creates a problem. Stealing donations is as easy as collecting them. Actually, no one knows exactly how much enters and leaves the coffers of those

organizations. "Here in Brazil, a citizen needs two dozen documents to open a tavern. To set up an NGO, he needs absolutely nothing, and no one is going to check up on him," says Denise Paiva, President Itamar Franco's adviser on the campaign against hunger.

Besides selling trees, Livia Gasbarra provides ecological tourist packages for foreigners at her NGO office in Para. The visitor pays \$140 a week to stay in a thatched hut at a spot 15 kilometers from the nearest settlement. All the food is canned. The guests this summer included mechanical engineer Benat Larronde, a 26-year-old Frenchman whose activities at the NGO included lessons in climbing a palm tree. Larronde loved the experience. "The Amazon Region should be made an international territory governed by the United Nations," he suggested before returning to France.

There are more serious complaints about NGO's. One of them involves the Xapuri Socio-Ecological and Cultural Foundation of Rio de Janeiro, whose honorary president is Prince Eudes de Orleans e Braganca. Although unheard of among environmentalists, it has taken in over \$40 million since its establishment in 1991. For more than a year, it was the Banorte Bank's biggest account in terms of average balances. An investigation by the Central Bank revealed that the organization, together with some pension funds operated by government-owned firms, had taken part in a ring-around-the-rosy involving deals with public bonds and made a profit of over \$10 million. Nobody knows where that money ended up.

#### Chile

**Joint Cooperation Agreement Signed With France**  
*PY2104033594 Santiago Radio Cooperativa Network in Spanish 2300 GMT 20 Apr 94*

[Text] The Chilean Foreign Ministry reported that the French and Chilean Governments have signed a joint agreement on the protection of investments, which the Chilean Congress approved on 22 December 1992.

Roger Romani, minister delegate of relations with the Senate, noted the agreement's significance. He said that it represents an important change for Chilean international economic relations and an unusual agreement for France compared with those signed by any other Latin American countries.

Romani also commented on the new Chilean economic policy's guidelines during the Senate session in which the agreement was analyzed. He said: This economic policy "had significant results," such as controlled inflation, strong growth, and the renewed confidence of international financial organizations.

The Chilean Foreign Ministry also reported that (Andre Guaier), French defense and Armed Forces Foreign Affairs Committee coordinator, also pointed out the

Chilean economy's success. Commenting on Chilean-French relations, (Guaier) said they are based on an active cooperation and development policy, a very open policy on credit guarantees, and the programming of investments through privileged financial cooperation.

#### **Czech Prime Minister Klaus Arrives for Visit**

PY2104024294 Santiago Television Nacional de Chile  
Imagen Internacional in Spanish 0100 GMT 21 Apr 94

[Excerpt] Czech Prime Minister Vaclav Klaus arrived this afternoon in our country. He stated that he has come to Chile to gain knowledge of our economic system. He will visit national authorities and business people during his three-day official visit. [passage omitted]

#### **President Frei Launches Morals Commission**

PY2004232494 Santiago ESTRATEGIA in Spanish  
7 Apr 94 pp 25, 26

["Text" of speech by President Eduardo Frei upon launching the National Commission on Public Morals on 6 April in Santiago]

[Text] Ladies and gentlemen. We are today starting a basic task to ensure the future of the country. I refer to the proposal for improving the regulations, procedures, and institutions that watch over public morals. I have invited well-known authorities and personalities of our society to become members of the National Commission on Public Morals that is established today. The members of this national commission guarantee to seriously study and achieve good results in the areas in which the commission will work. I thank them all for agreeing to carry out this task.

From the beginning of my administration, I stated my commitment and that of my government to an honest public administration and an impersonal use of power.

I recently instructed and encouraged public administration employees to carry their duties with creativity and efficiency. I reminded them of ethical obligations and precepts that guide public functions. I am sure we can count on them to honor the exemplary tradition of service of which we are proud.

We hereby establish this national commission today to streamline the legal mechanisms established and to ward off and suppress corruption and the trafficking of influence.

The factor that prompted me to establish this national commission was to underscore that corruption and its attendant problems are things that concern the whole country, as the effort of a particular government are not enough to prevent and overcome it. All the democratic forces of the country should be united in this endeavor.

The sense of initiative that gathers us here today is to serve Chile and to anticipate any isolated case of corruption that may lead to a situation having a harmful effect on the

country. We seek to quickly prevent the dissemination of an evil which seriously affects societies nowadays.

The crisis of values affecting the modern world tends to weaken the moral roots that sustain political virtues. Societies with different traditions, large and small countries of the first and third world have been hit hard by this scourge. In many parts of the world, bribes, fraud, embezzlement of public funds, and sale of political influence have become a practice that enslaves the lives of people, destroys their institutions, weakens the state, and makes the nation vulnerable.

Chile is part of the modern world and does not escape from this problem. Although our country is far from the described situation and corruption is not yet a generalized vice, we must be alert and act quickly to stop this evil at its roots. Our responsibility is to act now and quickly.

To do that we have a tradition in our favor which must be strengthened. If Chileans are surprised by actions that violate ethical and legal principles, it is precisely because such actions are alien to our institutions and traditions. Historically, Chile has had honest officials and a dignified political class. Both in the past and now, the slogan of our democracy has been integrity. Acts of corruption draw attention because historically Chilean democracy has been honored by politicians and governments with a dedication to public service, and honest presidents. This tradition must emerge with greater strength in this new stage of our development.

It is the duty of the entire Chilean society, not just of the government, to encourage public morals. The strengthening and preservation of moral values related to common well-being requires a great effort by all sectors of society, the family, the education system, the media, and enterprises. Extreme individualism that seeks material gain or power by any means should be considered morally unacceptable in order to unmask selfish interests disguised as higher interests and to question actions that seek to make illegal actions and corruption appear respectable. We must revive among Chilean people a natural reaction of indignation regarding different forms of power abuse.

In particular, we need a joint reaction by the public and private sector. We want to make areas of contact between the two sectors sufficiently clear so that the legitimate and necessary cooperation does not become a false relationship. Irresponsible criticism of the state many times forgets that two parties are usually involved in acts of corruption: the public servant and the private enterprise or private individual who illegally tries to obtain an objective.

The struggle against corruption mainly concerns the state, but also the private sector. Upholding a corrupt system that increases costs and distorts competition rules, in the medium and long term, affects private interests. The state and private sector's common task in this field is to find the



best solutions to maximize the incentives provided by a modern society and also to protect Chile from the vices and threats of a modern society.

All democratic forces of the country must become united in the common task of fighting corruption.

It must be well known that corruption is democracy's enemy. It discredits the institutions before society, it discourages youths from choosing to serve in the public sector, it jeopardizes the inspiration and the innovative capacity of public servants, and it sows distrust in the international community regarding the integrity of procedures and laws.

Undoubtedly, democracy alone does not guarantee morality in the public sector, but it makes it possible to report, it allows the establishment of supervision organizations, and it establishes impersonal judgment and appeal procedures and fair punishments. In sum: Our political system is not free of deficiencies, but it has the tools to correct these deficiencies.

Our actions to fight corruption must always be inspired by the desire to safeguard democracy and its institutions.

From the executive branch that is in charge of administering the country, from the opposition exercising the necessary role of criticizing, from Congress fulfilling the role of legislating and supervising, and from any public and private level, our actions in this regard must contribute to safeguarding democracy. With this clear objective we can jointly and with determination progress, quietly and in an unselfish manner.

As we undertake the task of assessing and improving the legal and moral duties of the public activity through this commission, we want the existing debate to result in concrete proposals so that the many suggestions may be used productively for the country.

The great danger is that the fight against corruption may be nothing but rhetoric: Chilean's rightly want deeds.

I want to address a special message to the public servants.

Every upright and efficient government official ought not to be worried. Our final goal is to turn public service into a dignified work environment where initiative, the spirit of work, and the disinterested effort to achieve the common good are rewarded. We are not seeking to create a paralyzing and stifling control system. We are interested, rather, in clearly distinguishing illegitimate intentions from mere mistakes. We are pursuing the betterment of the state so as to be able to give citizens competent service rather than the construction of an ineffective and bureaucratic state. We do not want to duplicate the existing supervision institutions and mechanisms, but rather want to permanently activate them, improve them, and adjust them to a phenomenon that has aspects already known in the Chile of the past.

On this occasion, in my capacity as president of Chile, I want to reiterate my determination to exercise my authority assuming my inalienable duty to govern the country and make decisions, ultimately, respecting my commitment to do so strictly observing the moral principles of our republican system.

Endorsed by tradition, by the modernization of the system that guards legal and ethical duties in the public activity, and by our will to exercise authority and prevent acts of corruption, we will keep our Fatherland free and transparent and will guarantee a government at the service of society and not of itself.

### Opposition Wins Most Senate Committee Leadership

PY2104000894

[Editorial Report] Santiago EL MERCURIO in Spanish on 7 April, on pages C1 and C8, carries an unattributed 600-word report on the opposition winning the presidencies of 11 of the Senate's 17 different special committees. The report also says 16 of the 17 committees comprise opposition and designated senators with the exception of the Finance Committee, in which three of the five members are Coalition of Parties for Democracy representatives.

The Finance Committee will be headed by PDC, Christian Democratic Party, Senator Andres Zaldivar; the Education Committee by UDI, Independent Democratic Union, Senator Eugenio Cantuarias for two years and then by PPD, Party for Democracy, Senator Roberto Munoz Barra for another two years; the Labor Committee by Socialist Senator Rolando Calderon and then by designated Senator William Thayer; the Defense Committee by PDC Senator Arturo Frei Bolivar; the Health Committee by Mariano Ruiz Esquide; the Human Rights Committee by designated Senator Ricardo Martin; the Government Committee by National Renewal, RN, Senator Mario Rios; the Foreign Affairs Committee by UDI Senator Beltran Urenda; the Constitution Affairs Committee by RN Senator Sergio Diez for the first two years and RN Senator Miguel Otero the next two years; the Economy Committee by RN Senator Francisco Prat; the Public Works Committee by UCC, Center Center Union, Senator Francisco Javier Errazuriz; the Agriculture Committee by RN Senator Enrique Larre; the Environment and National Patrimony Committee by independent Senator Antonio Horvath; the Mining Committee by independent Senator Arturo Alessandri; the Housing Committee by RN Senator Miguel Otero; the Transportation Committee by RN Senator Alberto Cooper; and the Fisheries Committee by RN Senator Julio Lagos.

### Colombia

#### Gaviria: Human Rights Report Lacks Objectivity

PA2004162994 Madrid EFE in Spanish 0028 GMT  
19 Apr 94

[Text] Cartagena de Indias (Colombia), 18 Apr (EFE)—Colombian President Cesar Gaviria described today as



"lacking in objectivity" a report issued by Amnesty International (AI) requesting the United States suspension of military aid to the Colombian Armed Forces, which AI accused of violating human rights.

"I have never denied there are human rights problems, but international organizations are not properly assessing things taking place in Colombia to protect fundamental principles," Gaviria stated to reporters in the Caribbean city of Cartagena de Indias.

AI, a human rights organization headquartered in London, asked the United States to suspend economic aid to the Colombian military because "the Colombian Armed Forces are a bridge for the violation of the rights of individuals."

According to the Colombian president, AI "lacks objectivity" in reporting how Colombia has managed the situation and how Colombia has protected human rights in past years, especially after the new National Constitution was promulgated in 1991.

The Colombian president underscored that the Armed Forces, when they combat insurgents, "cannot ever fall into the trap of imitating the guerrillas' behavior of intimidation, extortion, torture, kidnapping, and slaying and injuring soldiers and policemen, or putting them out of action."

Gaviria added: "Colombia has confronted persistent attacks against its democratic institutions for many years. The attacks come from organizations that receive economic resources from kidnapping and extortion activities."

He added, "To confront these groups, there is an overwhelming majority of members of the military and police forces who respect the law."

#### **Petroleum Enterprise Opening to Foreign Investors**

*PA2104023494 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 18 Apr 94*

[Telephone interview with Colombian Petroleum Enterprise President Juan Maria Rendon by Dario Arizmendi—live]

[Text] [Arizmendi] Today, just as Carlos Rodado Noriega announced, Colombian Petroleum Enterprise [ECOPETROL] will open up for bidding by Colombian and foreign companies the exploration of 3.7 million hectares. Previously, much of this land could be explored only by ECOPETROL and was not open to third parties.

An interesting process begins today. It will continue in Houston, United States; Calgary, Canada; and, in approximately two weeks, London. Three packages with information from three regions will be presented. The regions are El Pie de Monte, in Los Llanos; Magdalena's Valle Superior region, in Tolima and Huila; and the Putumayo region. Each information package is worth \$20,000.

Colombia, as the newspaper EL ESPECTADOR reports in today's Salmon Section, is going to go all the way to attract new investors by means of more attractive contracts to build a sound future as far as exploration and exploitation of oil goes.

We have ECOPETROL President Juan Maria Rendon on the line. Good morning, Dr. Rendon.

[Rendon] Hello, Dario, how are you?

[Arizmendi] What do you and ECOPETROL expect from this probe being initiated today?

[Rendon] The main objective is to attract new investors to the country so that they can help Colombia get into this oil business, which is characterized by high risks and heavy investments. Colombia suitably decided 20 years ago to work on this in conjunction with the private sector. Unfortunately, low oil prices and the fact that China, Russia, and many others have opened up to foreign investments like Colombia did appropriately a long time ago makes it more difficult to find companies that want to come here for exploration. The main objective is to engage in a very aggressive campaign in the cities you mentioned to visit the headquarters of the companies with our information to secure oil production levels Cusiana will make possible.

[Arizmendi] How many foreign companies are expected to join the exploration process?

[Rendon] We do not have any fixed estimate, but we hope that 10 or 15 new companies come to the country.

[Arizmendi] Dr. Rendon, After this initial process that covers the three big regions we just mentioned—the Pie de Monte of Los Llanos, Magdalena's Valle Superior, and Tupumayo—will information be prepared on other regions of the country for similar exploration activities?

[Rendon] This year we will work on this process only, basically. We are going to wait for results. Possibly next year we will work on a new bid.

[Arizmendi] Current contract conditions are attractive enough to compete with nations like China and Russia?

[Rendon] These countries we have mentioned, plus Argentina, Peru, and others, are working on this under very special conditions because previously they had not considered foreign investment to develop the oil industry. The state was doing that. Now they have come to the foreign investment arena in a very hearty way. Their conditions are special, and it will be difficult for Colombia to match them. We have produced conditions we think are attractive. They are based on the country's economic stability and on the respect we always show to companies, plus the fact that this country is attractive because of the Cusiana oil breakthrough which we think will be successful.

[Arizmendi] Much has been said about Cusiana and (Cucuagua). The country has to start thinking about

what will happen after the year 2000. Exploration activities have dropped, probably because of high exploration and exploitation costs and because we are not being sufficiently competitive with other countries such as China and Russia, as you have noted. What other factors could exist with regard to Colombia's loss of competitive clout with foreign investors?

[Rendon] Companies go to countries that offer revenue possibilities and respect for the rules of the game. These are two factors on which we want to make emphasis. We have also changed our attitude, from one that consisted of passively waiting for the companies to come here, to a more businesslike attitude of preparing reports on Colombia's potential to present them at formal bidding sessions, like the ones we have prepared. We will elect the winner after a public bidding that will consider investment factors [words indistinct] in the country.

[Arizmendi] Will this international bidding include the potential oil zones of Medina and Cundinamarca?

[Rendon] No. Those are reserve areas that have a high potential and that ECOPETROL maintains for itself to develop in the future. This is an area near Cusiana. We are looking for ways of working on those fields by somehow forming an association with a company willing to share risks and manage investments. Oil wells there will cost \$30 million each. That is a very complex area. The budget for that operation could be a bit difficult.

[Arizmendi] If foreign investment is necessary, why have we renounced the support of Shell in Huila Department, as it has just happened?

[Rendon] This is a legal matter more than anything else. What happens with this company is that there is this contract, signed over 30 years ago. It is based on outdated circumstances, when the state [words indistinct] intervention. Later Colombia went modern, and now foreigners and ECOPETROL are partners and manage things jointly. After 30 years the contract is over, and there has been a legal ruling. Shell believes it can extend the contract. The State Council has said no. In view of this, the government has decided that it cannot extend the contract. It is not that we want them to leave. Shell is one of the most important companies in the world. We would like them to be in Colombia, with an even larger presence. I hope we can understand each other. This is not a matter of attitudes or of lack of compliance, but a legal matter.

#### **Justice Minister: Traffickers' Sentences Lax**

PA2004185194 Santa Fe de Bogota Inravision  
Television Cadena 1 in Spanish 1730 GMT 20 Apr 94

[From the "National Newscast"]

[Text] The Colombian Government today admitted punishment for drug traffickers is very lax and suggested that sentences be doubled through changes in the law. The

recommendation is not designed to make changes to the frequently discussed Procedural Code but to the Penal Code.

[Begin Justice Minister Andres Gonzalez recording] What is obvious is that the sentences need to be significantly harsher, and there are several reasons for this. I believe that current sentences should be at least doubled. [end recording]

Justice Minister Gonzalez said that for the government's policy to be successful, stronger sentences for drug traffickers must be accompanied by appropriate interpretations of the system used to reduce sentences.

[Begin Gonzalez recording] I believe there are many loopholes certain lawyers use to get sentences reduced. These loopholes are not included in the law. [end recording]

It is very clear to the government that some of the guidelines established in light of the internal unrest and former state of siege gave the drug traffickers too many advantages, and, in turn, these advantages resulted in absurd sentences.

#### **Ω Press Review of Campaign Activities**

94P20668

[Editorial Report]

#### **Samper Leading in Two Polls**

In a poll conducted 23-24 March by Statistics Ltd. for CMI News and EL ESPECTADOR newspaper, 45 percent of respondents said they would vote for Liberal Party presidential candidate Ernesto Samper in the 29 May elections compared with 40 percent who would vote for Conservative Party candidate Andres Pastrana. All other candidates received 4 percent or less of the vote. The results are based on a random telephone survey of 1,200 people in the five largest cities who said they intended to vote. Respondents were equally divided between men and women. A 3 percent margin of error was reported. (EL ESPECTADOR, 29 Mar)

When viewed according to city, results were as follows: in Bogota the two candidates were in a virtual tie, with Samper at 42 percent and Pastrana at 41; in Medellin, the two were tied at 44 percent; while in Cali, Samper had a substantial lead of 54 to 27 percent, in Barranquilla he led 44 to 29 percent, and in Bucaramanga, he had only a marginal advantage, 44 to 41 percent.

Samper led Pastrana among male respondents obtaining 47 percent of the vote compared with 36 percent for Pastrana; Pastrana showed a slight lead over Samper among female voters obtaining 44 percent of the vote compared with 43 percent for Samper.

When asked who they felt would be better prepared to take over in the event of the president's absence—

Samper's running mate Humberto de la Calle or Pastrana's running mate Luis Fernando Ramirez—respondents gave De la Calle 67-80 percent of the vote depending upon the city, compared with 10-15 percent for Ramirez. There was no appreciable difference between preferences of male and female voters.

Pastrana said he was "not worried" by the poll results. (EL ESPECTADOR, 30 Mar) Ramirez viewed De la Calle's lead in that poll as "normal" given that De la Calle had been campaigning for months, while Ramirez had just begun. Samper expressed his satisfaction with the results, noting that it showed that his decision to select De la Calle as his running mate was "correct." Samper also declared that the candidates' "commitment to social issues" was emerging as the central factor in the elections. (EL ESPECTADOR, 30 March)

A second poll conducted on 25-27 March by the National Consulting Center and commissioned by the Bavaria firm, showed Samper leading in the first round with 49 percent of the vote compared with 41 percent for Pastrana. (EL TIEMPO, 30 Mar) All other candidates received 4 percent or less of the vote. In a runoff election, Samper was said to receive 54 percent of the vote, compared with 43 percent for Pastrana.

When asked whether they intended to vote in the elections, 57 percent said they would, 20 percent said they probably would, 6 percent said they probably would not, and 17 percent indicated they would definitely not vote.

These results are based on reported face-to-face interviews with 3,102 persons, selected at random, in urban areas of 40 municipalities.

#### **Maza Decries Illicit Campaign Funding**

When asked during an interview with EL ESPECTADOR newspaper whether he believed reports that money from illicit sources was being used to help finance the campaigns, independent presidential candidate Miguel Maza responded that "there is not the slightest doubt." Maza described the use of such funds as "an insult to a country submerged in poverty and lacking in basic services." Maza added that illicit funds originated either from drug trafficking and other types of criminal activity, or as a result of corruption involving state contractors. According to Maza, such money is "circulating in abundance." (EL ESPECTADOR, 2 April)

#### **Pastrana Campaigns in Miami**

Andres Pastrana traveled to Miami during Holy Week to bring his campaign message to Colombian citizens there. He reiterated his criticism of the renewal late last year of diplomatic relations with Cuba, declaring that now was not the "proper time" for such a move. He recalled that during his visit to Colombia last year, Cuban President Fidel Castro refused to condemn the activities of Colombian guerrillas. (EL TIEMPO, 2 April) Pastrana also warned that it was important for Colombia to "act quickly" to gain entrance to NAFTA and said the

country must continue to press ahead with economic integration efforts in Latin America. (EL TIEMPO, 2 April)

While in Miami, Pastrana attended a Colombian-American Chamber of Congress luncheon, which drew a capacity crowd. The candidate also granted interviews to several radio and television stations, toured Colombian-owned businesses in the city, and hosted a fund-raising dinner.

Ernesto Samper had originally planned to travel to Miami that same week, but reportedly canceled his trip for security reasons. (EL ESPECTADOR, 31 March)

#### **Samper Responds to Bishop, Calls For Hostages' Release**

Before taking a few days off from campaigning during Holy Week, Ernesto Samper responded to Bucaramanga Archbishop Dario Castrillon's charge that Samper's appointment of Senator Claudia Rodriguez de Castellanos, a member of the evangelical Christian Movement party, to the Commission for the Renewal of the Liberal Party was politically motivated. Castrillon reportedly made the comments during a recent homily in which he said that Samper's action could create conflict with other sectors of the population who hold different religious beliefs. Samper denied any political motive, claiming he would not permit discrimination of any kind in his campaign and adding that he does not recognize "any differences among Colombians based on creed, ideology, sex, or race." (EL ESPECTADOR, 31 March)

Samper also called on the country's guerrillas to free all their hostages, including the father of Luis Fernando Ramirez, vice-presidential candidate of the rival Conservative Party. (EL ESPECTADOR, 30 March)

#### **Candidates Revise Campaign Itineraries**

As a result of the decision to postpone the presidential elections until 29 May, candidates are reportedly revising their campaign itineraries, scheduling visits to additional municipalities and making plans to revisit certain key areas, according to EL TIEMPO (2 April).

Although Ernesto Samper is said to be the strongest candidate in the Atlantic Coast region, his campaign advisers have decided he should visit several of the departments in that region as often as possible during the remaining weeks of the campaign. They recall that in 1982 former president Lopez lost in that region of the country, even though it was considered a bastion of support for both the Liberal Party and Lopez himself, an outcome they attribute to the feeling of complacency that set in following the Liberal Party's good showing in the legislative elections.

Andres Pastrana will also be targeting this region during the remainder of the campaign, according to EL TIEMPO. Pastrana is currently strong in Medellin and Bogota, which, the paper says, explains Samper's recent



decision to name three "heavyweights"—Carlos Lemos, Carlos Lleras de la Fuente, and former Bogota mayor Sonia Duran—to help direct his campaign in Bogota.

Antonio Navarro has been trying to garner support among residents of the poorest municipalities, continuing to promote his list of "promises" which he signs in the presence of a notary at each location he visits, according to EL TIEMPO.

### Problems of Textile Industry Examined

94SM0315A Santa Fe de Bogota SEMANA in Spanish  
22 Mar 94 pp 50-53

[Article: "With Life Hanging by a Thread"]

[Text] The only sector that suffered net losses in 1993 was textiles. While not on its deathbed as some analysts believe it is, its problems are far from being solved.

The economic liberalization has not been a good thing for Colombian textiles and the future of the industry looks rather grim. "In 1992, Colombia exported \$840 million worth of textiles and ready-to-wear garments, one-third of all industrial exports. However, how much longer can it stay in the market?" asks the latest edition of THE ECONOMIST after analyzing the problems facing the country's textile mills. "Last year," the prestigious publication continues, "nearly 5,000 textile jobs were lost in Medellin alone, profits collapsed, and several dozen small firms had to close their doors."

The situation is truly dramatic. According to an analysis done for the Superintendency of Securities based on the 1993 financial results of 86 companies in the manufacturing sector whose securities are registered with the National Registry of Securities and Middlemen, the only economic sector that suffered net losses last year was textiles. Of the 14 companies included in the sampling, six—including Tejicondor and COLTEJER [Colombian Textile Company]—suffered losses and only three of the other eight improved their financial situation (see box).

What is more serious is the fact that despite the government's efforts to plug some of the holes that caused the crisis, such as the elimination of minimum import prices and the free entry of fabrics into the country, the sector's prospects are not at all bright. The world market is glutted and incentives to smuggle remain great. Dumping is far from disappearing. Customs has not caught up with the requirements of liberalization, and revaluation has hurt the ability of Colombian textiles to compete on the world market. It is therefore not surprising that shareholders in the country's largest companies meeting in recent days demanded better treatment for the industry from the government.

### Domestic Scene

Not all the sector's ills are the fault of the international environment or government policy, however, says one prestigious American consulting firm. For over a year,

Monitor has been completing a diagnosis of the ability of Colombian industry—including textiles—to compete and last week submitted its conclusions in Bogota and Medellin. According to analyst Michael Fairbanks, the sector's biggest companies, such as COLTEJER, Fabricato, and Tejicondor, are facing an unprecedented fall if they do not want to be pushed out by China, Pakistan, and India, whose low-cost production is flooding the world market. Furthermore, in Fairbanks' opinion, it would almost be better to close the existing companies and replace them with new ones that are more vigorous and aggressive.

The textile companies feared the result of the Monitor studies, but emphatically reject such a radical solution, i.e., pulling the plug on the big companies and precipitating their death throes. "If dying and being born were so easy, we would have heaven in our hands," COLTEJER President Rene Gomez told SEMANA.

In terms of its ability to compete, Monitor gives the national industry low grades in four key areas. Looking at the so-called advanced factors, it fails in terms of basic infrastructure (highways and ports), telecommunications, technological experience, and professional training. It has little or nothing to offer in terms of competitive strategies. Effort is poor in the area of common trade guild objectives. The lag in the makeup of the domestic market is worrisome. Only one of its two traditional comparative advantages, geography, still ranks above average. The other, wages, has also begun to sag.

The truth is that labor liabilities have the three Colombian giants: COLTEJER, Fabricato, and Tejicondor, on their knees. COLTEJER has one retired worker for every two on the job, and the ratio at Fabricato is practically the same. Even Tejicondor, which has had no union since the 1982 crisis and has thus been able to negotiate with its employees directly, has only four active workers for every one retired. "When the economy was closed, the private sector managed some of the retired workers and handled certain benefits," Gomez says, "but under the economic liberalization, that social burden has been transferred to the government." As a result, led by COLTEJER, Antioquia's textile companies intend to present new alternatives so that the government will shoulder the responsibility for retired workers. "That social function belongs to it," Gomez adds.

Nevertheless, the companies recognize that some progress has been made in terms of benefits, in particular, passage of Law 50, the system of work providing no benefits. In the case of Tejicondor, for example, the company has managed to place 90 percent of its personnel roster (1,835 persons) under the new regime. In addition, most of the company's new contracts are for a set term. "Our average seniority no longer exceeds four years," SEMANA was told by Tejicondor President Abel Perez Gil. At COLTEJER, half of the 7,200 workers opted for the new system, while at Fabricato, 60 percent of the 5,330 employees did so.



However, progress made in this field has been lost in the area of wages, which rise daily in relative terms. When compared with other Latin American countries, Colombia's minimum wage has surpassed that of Mexico, Venezuela, and Chile. When one adds the accelerated rate of the revaluation, the labor advantage shrinks even further. For this reason, textiles now being produced in Colombia include finished (and sometimes complex) components because making rough fabrics is no longer profitable.

#### A Little Bit of Everything

Concerning the Colombian supply, Monitor criticizes the practice of making a little bit of everything for an underdeveloped national market that consumes five kg of fabric a year compared with a world average of 25. COLTEJER, Fabricato, and Tejicondor recognize that the multiplicity of lines is a drawback and have begun to make significant cuts. "Monitor is right about this business of trying to produce everything," Perez admits. As head of Tejicondor, he has cut his factory's lines from 100 to 33. The immediate effects include a substantial improvement in quality and a tangible reduction in costs.

Monitor recognizes that changes introduced by the textile companies in this direction have been positive because they have given Colombia a new competitive outlook it did not have before. "Most of the competitive innovations in Colombian industry can be seen in the textile sector," Fairbanks says, while suggesting even deeper scrutiny: "The bottom line is that the lines produced by Colombian textile companies are so elementary that they are easily copied, which explains the takeoff of Asian producers."

The fact is that Colombia is still far from creating a movement of style and ready-to-wear clothing enabling it to impose trends and brand names as the garment industry multinationals have done. "In this area, there are international trade barriers that hurt us," says Fabricato President Jorge Restrepo. "Turning Colombian brands into stylish name brands will take previously unheard-of levels of time, investments, marketing, and advertising which we are not prepared to make."

Monitor points to what it considers a serious flaw in the primitive articulation of the Colombian textile chain, a

fact which the presidents of the main national companies accept, but which they largely blame on the government. The price of cotton is one example. Manufacturers are forced to buy and pay for Colombia's total production at the international price, plus an additional duty of 10 percent. In Asia, Colombia's main competitor, the price paid by manufacturers for raw materials is 25 percent under the world price. By trying to protect cotton producers, the textile companies say, the government hurts manufacturers.

Monitor also criticizes the Colombian manufacturers' custom of operating as sealed units, preventing anyone else from discovering their secrets. There is no true guild spirit that serves to stimulate every link in the chain. While this is true—and the entrepreneurs admit they have all been very accustomed to going their own separate ways—they have recently begun to obtain state-of-the-art information, share data on world style trends, buy raw materials as a bloc, and respect each other's markets.

Nor do their efforts end there. Another effort to remedy shortcomings pointed out by Monitor involves industrial conversion. The textile firms say they have invested over \$400 million in state-of-the-art technology in order to catch up with the latest market developments, a step that has already gained recognition. For example, the ECONOMIST article points to the plans of COLTEJER, which "has cut its labor force from 8,900 to 7,200 in a matter of just a few months, invested \$32 million in manufacturing systems, and cut back on its range of production"—previously amounting to some 4,000 lines—"by more than half."

In short, Monitor's diagnosis is not far removed from reality, but some of its conclusions are nothing new to the entrepreneurs. Many of them were already in the works.

Consequently, while relying on more active government intervention in terms of Customs supervision and control of the exchange rate, they look to the future with more optimism than does Monitor. "We shall make the necessary efforts, but we cannot change overnight without causing serious social problems," Gomez says. "If we were to accept all the recommendations, we might make our business more profitable, but we would be leaving the government with a serious social crisis, which we cannot do. We shall view it as our social mission."

Financial Results of Textile Companies in 1993

| Company                   | Total Operational Income |         | Profits After Taxes |       |
|---------------------------|--------------------------|---------|---------------------|-------|
|                           | 1993                     | 1992    | 1993                | 1992  |
| Colombian Ready-to-Wear   | 28,536                   | 22,036  | 1,031               | 495   |
| Los Andes Textile Factory | 8,858                    | 6,966   | 778                 | 598   |
| Fabricato                 | 134,363                  | 125,914 | 735                 | 9,499 |
| Colibri Industries        | 10,232                   | 11,550  | 636                 | 659   |
| Fabrizedán                | 13,547                   | 11,425  | 420                 | 1,014 |
| Expinal Textiles          | 13,895                   | 17,166  | 324                 | 3,004 |

Financial Results of Textile Companies in 1993 (Continued)

| Company                    | Total Operational Income |         | Profits After Taxes |        |
|----------------------------|--------------------------|---------|---------------------|--------|
|                            | 1993                     | 1992    | 1993                | 1992   |
| Colombian Shirt Industries | 3,982                    | 684     | 192                 | 635    |
| Tolima Textile Factory     | 9,163                    | 6,820   | 90                  | -85    |
| El Condor Textiles         | 43,415                   | 38,928  | -107                | 3,565  |
| El Cedro Textiles          | 8,551                    | 9,255   | -123                | -199   |
| Medellin Spinning Mills    | 4,225                    | 3,800   | -199                | -108   |
| Federaltex                 | 6,327                    | 8,636   | -952                | 523    |
| Fibratolima                | 22,941                   | 15,989  | -2,453              | -2,236 |
| COLTEJER                   | 184,147                  | 176,548 | -4,279              | 10,010 |
| Totals                     | 483,019                  | 672,945 | -3,907              | 17,364 |

Source: Superintendency of Securities

[Box, p 52]

Monitor's Grading

Basic factors: Average. Geographic position (in black ink) Competitive wage rate (in black) Reliable workers (in red) Adverse labor laws (in red).

Advanced factors: Poor (all in red ink) Transportation infrastructure, Telecommunications infrastructure, Machinery, Non-national technicians, University training.

Business strategy, structure and rivalry: Poor (all in red ink) Market highly concentrated, Research, Range of products, Knowledge of world demand.

Related and support sectors: Poor (all in red ink) Costly raw materials, Sense of belonging to a guild, Availability of their own distribution systems on the international level, Heavy industry for the sector.

Conditions relating to demand: Poor (all in red ink) Per capita consumption, Clothing for all climates, Style.

Roundup of Economic Developments

PA1904235894

[Editorial Report] The following is a compilation of reports on economic developments monitored through 19 April.

Exports grew by only 2.9 percent in 1993, but imports grew at an accelerated rate. The government believes this is normal in view of the ongoing process to eliminate tariffs. It trusts exports will perform well beginning in 1995. The National Customs and Tax Directorate has reported Colombians imported \$9.8 billion in 1993, compared to \$6.5 billion in 1992; that is, 51.1 percent more.

There was an increase from \$958.3 million in 1992 to \$1.7 billion in 1993; that is, an 82.27-percent increase. The highest increase was in raw materials; the highest

increase was registered in durable consumer goods, including private automobiles, weapons, military equipment, and home appliances; there was a 126-percent increase in this area. The highest increase was in raw materials, intermediate products, and fuels, with a total of \$4.2 billion.

The purchase of capital goods also registered a considerable increase, with a total of \$3.8 billion; that is, a 75.73-percent increase in 1993 compared with 1992. The United States was again Colombia's main purveyor. Colombia imported \$3.4 billion from this country in 1993; that is, 42 percent more than in 1992. Venezuela was the second purveyor, with \$968.1 million in 1993 compared to \$424 million in 1992.

Concerning exports, they increased by only 2.9 percent, for a total of \$7.1 billion. Nontraditional exports increased by 11.95 percent; that is, \$3.9 billion; this was caused by an expansion of bananas and emerald sales abroad. Banana sales totaled \$393.8 million and emerald sales totaled \$308.6 million, exports of which increased by 77.2 percent in 1993 compared to 1992.

Traditional exports dropped due to lower sales of coffee, ferronickel, and petroleum. Coffee exports dropped 9.45 percent, ferronickel exports by 18.58 percent, and petroleum sales by 6.3 percent in 1993 compared to 1992. (Santa Fe de Bogota EL TIEMPO in Spanish 9 April 94 p 11a)

The National Administrative Department of Statistics, Dane, reported yesterday unemployment in the country's seven most important cities increased from 9.6 percent in March 1993 to 10.3 percent in March 1994. That nearly 1-percent increase is equivalent to 46,000 more unemployed. The growth in unemployment was due to a slight decrease in economic growth. Dane reported the largest departmental capitals registered considerable increases in unemployment, but three smaller capitals, Bucaramanga, manizales, and Pasto, registered decreases. Medellin fared the worst, with 13.3 percent.

Santa Fe de Bogota registered the lowest rate, with 8.2 percent. (Santa Fe de Bogota EL TIEMPO in Spanish 13 April 94 pp 1b, 3b)

### Roundup of Guerrilla Activities

PA2104030794

[Editorial Report] The following is a compilation of reports on guerrilla activities monitored through 20 April.

Army major Luis Demetrio Yepes and Sergeant David Bawy Guerrero are still missing after being kidnapped by National Liberation Army (ELN) guerrillas in La Milagrosa, between El Santuario and Cocorna, Antioquia, on 10 April. (Santa Fe de Bogota EL TIEMPO in Spanish 12 April 94 p 8a)

Cattleman Ricardo Blanco, kidnapped by FARC (Revolutionary Armed Forces of Colombia) in La Trinidad Hacienda, Oiba Municipality, Santander Department, was released by his captors on 11 April. A man known as Luis, reportedly FARC's chief of intelligence, and seven guerrillas were captured in Salamina, Caldas department. In addition, four police were wounded when reported FARC members attacked a patrol in Apartado, Antioquia. (Santa Fe de Bogota EL TIEMPO in Spanish 13 April 94 p 8a)

In Flor del Monte, Sucre Department, an infantry patrol was apparently ambushed by a FARC group. Five men, soldiers and guerrillas, were killed. (Santa Fe de Bogota Inravisión Television Canal A in Spanish 1730 GMT 18 April 94)

The authorities have dealt a heavy blow to the ELN, as military forces seized a large amount of equipment held by the clandestine radio station, Radio Patria Libre, which the guerrillas used to instigate its members to commit crimes. During the operation, three guerrillas were killed and two were captured. The 2d Mobile Brigade dismantled three camps that served as refuge for at least 240 guerrillas and seized communications equipment, booby trap mines, weapons, and ammunition. (Santa Fe de Bogota Inravisión Television Canal A in Spanish 1730 GMT 19 April 94)

## Peru

### Amnesty International Demands 'Will Not Be Met'

PY2004165794 Lima Global de Television Network in Spanish 0100 GMT 20 Apr 94

[Text] Special Prosecutor for Terrorist Crimes Daniel Espichan Tumay today categorically rejected any interference from foreign organizations in judging Peruvian laws for fighting against terrorism. In reference to the comments made by President Alberto Fujimori, he said the demands of Amnesty International will not be met.

[Begin recording] [Espichan] Why do we have to accept orders from foreigners, from people who are not aware of

our problems or of what we have to do? I believe that here in Peru we have very intelligent people, well educated people, who know the problem of terrorism. We therefore do not have to accept any indications from anyone. We are handling the situation ourselves, and are winning this war. I therefore believe that the instructions given by the president are correct.

[Unidentified reporter] Does the fact that they were not allowed to meet with some officials mean abroad that something was being hidden?

[Espichan] No, because the International Red Cross, which is a very important world organization, is authorized by law to visit the inmates held on charges of terrorism in Peru, and they can give the necessary information to any international organization that wants to verify the situation of the terrorists. [end recording]

### Fujimori Denies Talks With SL Leader

PY2004130994 Lima Global de Television Network in Spanish 0100 GMT 20 Apr 94

[Excerpts] Today President Alberto Fujimori confirmed the murder of indigenous Ashaninkas in Quilla and Masamari by a Shining Path [SL] column.

He also denied that the Army had bombed SL strongholds in the Huanuco jungle, or that his government had reached an agreement with the SL leadership sentenced to life imprisonment.

The chief of state also disclosed that he has reached a preliminary agreement with the IMF to earmark \$875 million obtained from the privatization process for social expenditures.

Fujimori made this announcement during a working visit to Huancayo.

[Begin recording] [Unidentified reporter] President Fujimori dedicated another two schools in Huancayo, built by Concode [expansion unknown]. [passage omitted]

During a meeting with the media Fujimori announced that \$875 million obtained from the privatization process will be earmarked for social expenditures, as part of a preliminary agreement with the IMF within the framework of the letter of intent.

[Fujimori] According to this agreement reached with the IMF, we will be able to use the resources obtained from the privatization process as an advance on the financial aid we may obtain in the coming months, the coming year, from the World Bank and the IDB.

[Reporter] Fujimori also confirmed the murder by SL members of indigenous Ashaninkas in the towns of Quilla and Masamari.

[Fujimori] The number of dead seems to have increased, and this is very regrettable. The Army has surrounded the SL members near the Ene River near the town of Quiteni. I also want to categorically deny a press report

that the Army used helicopters to bomb the terrorists. This is not true, nor is it true that I have held a dialogue with [SL leader Osman] Morote. What the president has done is to show that Morote and his supporters are being held in highly secure prisons. [end recording]

#### **Argentina's Di Tella Announces Menem Visit**

PY2004012394 Lima EL COMERCIO in Spanish  
6 Apr 94 p A4

[Text] Praising the Peruvian Government's achievements during the past two years, which he said he learned about in detail during his official visit to Peru, Argentine Foreign Minister Guido Di Tella said that hopes for Peru's future have been revived at a continental level.

The Argentine minister arrived in Peru on the evening of 4 April. Yesterday he had a busy agenda. He said: "Peru's prospects today are not the same as they were a while ago; they are now much better, and we want to participate in this process."

He commented that the changes implemented by President Alberto Fujimori during the past two years are similar to those carried out by Argentina and other countries.

Di Tella said: "This is why I believe there are new chances of cooperation and greater collaboration because instead of rhetoric we now see concrete deeds."

Establishing the Joint Peruvian-Argentine Commission with his Peruvian counterpart Efraim Goldenberg, Di Tella said the commission will assess the integration policies contained in bilateral projects.

He and Minister Goldenberg reviewed the economic and political issues of the agenda which, he said, were then passed for assessment by the commission which disclosed its conclusions yesterday afternoon.

The Argentine foreign minister then disclosed that on 17 and 18 July, Argentine President Carlos Menem will pay an official visit to Lima.

He did not announce an agenda because the chiefs of state will draft it.

Early this morning Di Tella placed a wreath at the monument of Argentine forefather Jose de San Martin in the square of the same name.

Referring to Menem's visit, he said it will be a sign of support for the changes currently taking place in Peru.

Regarding the constitutional reform to allow presidential reelection in his country, he said it has the support of the great majority of the people.

#### **Cuba's Robaina Proposes Import Tax Exemptions**

PY2004211594 Lima LA REPUBLICA in Spanish  
13 Apr 94 p 6

[Text] Cuban Foreign Minister Roberto Robaina proposed that Cuba and Peru eliminate import taxes on some 200 products, which would substantially increase trade between the two countries.

He also invited Peruvian businessmen to invest in Cuba through mixed enterprises or joint ventures.

The proposal was made to Industry, Commerce, and Integration Minister Liliana Canale during a working meeting in her office.

Robaina, who carried a list, proposed that some 200 products be placed on the list of products that benefit from the partial agreement that allows the importation of products with a zero import tax.

Currently only about a dozen products do not pay import taxes. This greatly restricts trade between Peru and Cuba.

Cuba thus would export medicine, rum, citrus fruit, and sugar cane, while Peru would export fish meal and minerals, among other goods.

Robaina also proposed that a commercial mission visit Cuba in June. Peru has yet to answer the invitation.

The commercial mission would be headed by Minister Canale, who would be accompanied by private businessmen who have expressed interest in investing in Cuba, in the tourism field especially.

After the meeting, Minister Canale said she is carefully assessing the Cuban proposals in order to give an answer as soon as possible.

She said contact will be made with the business sector to reach a consensus regarding the products that could be imported.

She explained that the mechanism is similar to the one upheld by ALADI [Latin American Integration Association], through which the continent's countries have reached similar agreements in the region.

Canale said the purpose of the commercial mission's trip would be to identify trade prospects between the two countries, although she added that the trip's date has not been established yet.

She then added that the Cuban foreign minister's visit has awakened interest in investing in that country and that there are businessmen who want to step up the exchange of experiences.

Canale said her ministry is willing to support every effort designed to step up commercial relations with that Caribbean island and added that the Cuban authorities' proposal is being studied.



Regarding her possible trip, Minister Canale said she is reviewing her agenda to determine whether or not she will be able to travel to Cuba in the near future because she is very willing to visit Fidel Castro's country.

Contact between the two countries will be maintained through the respective foreign ministries, which will be kept informed of the decisions made in the coming months.

When asked about the Cuban proposal, Confiep [National Confederation of Private Business] President Arturo Woodman answered immediately, saying he is in favor of tax exemptions.

He said it is up to the government to make a decision in this regard, but said he was in favor of the immediate implementation of tax exemptions in order to step up trade between the two countries.

He said it would be a good thing to increase trade between the two countries because it would allow Peru to export fish meal, proteins, and other products to that island.

Woodman said the issue is now in the government's hands, which has to see about the legal aspects of eliminating import taxes for some 200 products.

Foreign Minister Robaina voiced his satisfaction with the results of his meeting with Minister Canale and said the results will be noticed soon.

He said the upcoming visit of a Peruvian commercial delegation to his country will help strengthen commercial ties between the two countries.

After the meeting, the Cuban foreign minister held a series of meetings with Peruvian political and social figures.

In the evening he attended a cultural event at the National Museum, during which beautiful Cuban music was played. The event also was attended by political and cultural representatives.

After the event Robaina left the country to continue his tour of the continent in an attempt to tighten cooperation ties.

#### Counternarcotics Chief on 'Vaticano,' Poppies

94WD0298Z Lima REPORTE ESPECIAL/DESCO in Spanish Feb 94 pp 9-10

[Interview with General Walter Taboada Milla, head of the National Counternarcotics Division, by David Montoya; place and date not given]

[Text] *The political violence has more than one link with the drug traffic. In this edition, we begin publishing a bimonthly supplement on this topic. David Montoya, of the Special Report team, was able to interview the chief of the DINANDRO [National Counternarcotics Division], General Walter Taboada Milla. The National Police's*

*DINANDRO has been operating since 1 January 1992, the date of the merger of the two divisions of the PIP [Peruvian Investigative Police] and Civil Guard that had been responsible for that task. The merger into a single division made it possible to reinforce the police work on what is known as interdiction. Now, there is more national information on the problem, available more rapidly. The DINANDRO's mission combines intelligence and interdiction activities, and simultaneous coordination with the Armed Forces throughout the country.*

[Montoya] Starting with the topic of the "Vaticano" case, is it true that some artists had to be arrested to create a smokescreen in the country? Did they really have to be arrested based on "orders from above," without evidence?

[Taboada] It was called an order from above, referring to their superiors in the chain of command. So, there was no agency apart from the police that ordered the detention of those persons.

[Montoya] But there was no apparent evidence for detaining them, was there?

[Taboada] Then why didn't they complain; why didn't they file a suit for habeas corpus? We detained them to investigate the specific case involving the financial aspect, because there was a series of contradictions. (Later, one of those detained sued the interior minister.)

[Montoya] And in the case of Demetrio Chavez Penaherrera, did you succeed in proving the drug trafficking charges?

[Taboada] Within 12 days, we collected sufficient evidence to sentence him for a great many years. By his own admission, he was a drug trafficker from 1979 until 1991.

[Montoya] But "Vaticano" apparently is going to be sentenced to life imprisonment for his connection with subversion, rather than for drug trafficking.

[Taboada] That is a complementary charge.

[Montoya] Many people wonder how the Campanilla Army Base could have failed to discover "Vaticano's" illicit activities, and how he managed to create his empire almost before their eyes. What is your opinion of this?

[Taboada] We have been totally dedicated to seeking evidence against this individual, and we couldn't go any further in two weeks. The trial judge has paved the way for continuing the investigation and for going as far as necessary.

But "Vaticano" didn't start out in Campanilla; he began much sooner, selling by the kilo at first. Later, by 1989 in Uchiza, he was already owner of the "firm," which he called "Loco Limonier." Then he moved to Campanilla. He's a clever man, despite the fact that he has only primary schooling. There, with the entire population's support and the local authorities' approval, he managed

to renovate the marginal highway, spending \$300,000, and even installing electrical utilities. As this drug trafficker has mentioned, there were no Army personnel there at that time; they arrived later.

[Montoya] How much was "Vaticano" moving as regular shipments?

[Taboada] "Vaticano" claimed that it was more profitable for him to lease the landing strip than to engage in collecting and shipping drugs. He was leasing his landing strip for \$15,000 per flight, and it is his claim that there were about 20 to 25 flights per month.

[Montoya] Drug dealing is a financial activity that can corrupt people. Have there been any cases of this kind in the directorate that you head?

[Taboada] As human beings, we sometimes make mistakes, and it is due to such a mistake that I am there (in the DINANDRO). You may recall the case of the son of the drug trafficker, "Mosco Loca," who was released. Those responsible were a colonel, a commander, and a captain. For that reason, there was a series of transfers of officials who had been working together for over two years. During my administration no cases have appeared, and I have been there for six months.

[Montoya] We are witnessing a drop in the price of PBC, and there is much talk about the international drug traffic's potential opportunity with poppies. How has the DINANDRO been monitoring this product, the base for heroin?

[Taboada] There has been considerable talk of poppies. A television channel showed poppies in the San Martin zone bordering Moyobamba and Rodriguez de Mendoza Provinces. We reached the site that had been identified as a growing zone and, according to the video that we have, it is a poppy variety that is useless for extracting gum or latex (components for heroin). To give an idea, the capsule, or bud, must be pear-shaped, and the one that they showed was small, resembling a peanut with a shell, on which incisions could not be made to extract the gum.

We have checked other areas, in northern Moyobamba, north of Rioja, where the same type exists; and we reached Jaen, with the same results.

[Montoya] What is the drug traffic's future?

[Taboada] We are progressing well. We have been outfitting a coordinating office to monitor the components of basic paste. The Ministry of Industry, the DINANDRO, the Public Prosecutor's Office, and the Sunat [National Tax Administration Superintendency] have been integrated into this office. We are also connected to terminals that have sufficient range for monitoring producers, importers, exporters, warehouses, carriers, sellers, and resellers. In other words, the monitoring reaches 80 percent and, when this outfitting is completed, we'll achieve 100 percent.

[Montoya] Is the drug traffic currently a priority for the National Police of Peru?

[Taboada] In fact, since last year, since September if I'm not mistaken, we have begun attaching greater importance to the interdiction of the drug traffic. You must have heard through the news media that the DINCOTE's [National Counterterrorism Directorate] personnel are going to be reduced. What will be reinforced is the DINANDRO's activity, in order to achieve greater success.

[Montoya] Minister Briones has stated that, in 1994, he expects the DINANDRO to become an office with success similar to that of the DINCOTE. Do you all feel identified with this kind of expectation on the part of your superior chiefs?

[Taboada] It is not merely an expectation or desire that is involved, but also logistical support. They are backing us so as to convert us, this year, into the police unit that will accrue outstanding success.

[Montoya] Does this apply to your personnel's income and bonuses, as well?

[Taboada] A system is being introduced whereby we give bonuses to the personnel, but according to the number of seizures, and not daily or monthly.

#### **PBC Prices Falling: Drug Traffic Reorganizing in Peru?**

In the case of Peru, the price of washed PBC, the principal illegal export product, has virtually plummeted thus far in the 1990's. At first glance, this would appear to affect the influence of cash flow from this activity on the Peruvian economy. Nevertheless, at the same time, the drop in basic paste prices could be one of the leading economic factors in the expansion of coca crops on nearly all of the Peruvian jungle border. However, it is also an incentive for growing other crops, such as poppies, which are still incipient in Peru.

One possibility is that a period of reorganizing this illegal activity is beginning, wherein coca derivatives will continue to be the main product, but with an outcome not yet possible to predict. It is likely that this downward price trend will continue. However, it is also important that an impetus be given to the alternative development projects, as a centerpiece of the antidrug plans.

### **Uruguay**

#### **Uruguayan 'Blue Helmets' Evacuated From Rwanda**

PY2004142894 Madrid EFE in Spanish 0145 GMT  
20 Apr 94

[Text] Montevideo, 19 Apr (EFE)—The Army Command has officially reported in Montevideo that nine Uruguayan officers from the UN peacekeeping forces in Rwanda, who had been surrounded in Kigali, were evacuated to Kenya today.

The "blue helmets" are now in Nairobi in UN service, and are awaiting orders before returning to their country.

The Uruguayan Army public relations office noted that the United Nations was reducing its personnel in Rwanda, and that a small mission alone would remain.

Another four Uruguayan officers, among the 25 Uruguayan officers who were acting as observers in Rwanda, are in the interior of the country and in border areas, ready to leave for Uganda.

Two Uruguayan officers were injured in Rwanda two weeks ago by a machine-gun burst shortly after the tribal fighting began.

The two injured officers, who are out of danger, have also been evacuated by the United Nations.

The Army reported that another five officers had left for Uganda before, and that a similar number was in Montevideo on vacation when the conflict broke out, and received orders to not return to Rwanda.

#### Foreign Minister Sergio Abreu Interviewed

PY1904231594 Montevideo EL PAIS in Spanish 10 Apr 94 p 11, 12

[Interview with Foreign Minister Sergio Abreu by unidentified reporter; place and date not given]

[Excerpt] [passage omitted] [EL PAIS] When will you leave the Foreign Ministry?

[Abreu] I have not decided yet. I am working as if I were staying until the end of this administration. There are a lot of things I still want to do and promote. I am not contemplating retiring from the service, unless there are political reasons. For the time being we have not made any decision. There is no job incompatibility.

We have to be careful about the negative influence of partisan activities on the Foreign Ministry because this portfolio is an instrument of the country's foreign policies.

[EL PAIS] Many people mention June....

[Abreu] We have no date. That is just speculation which sometimes spreads in the very special climate of the Foreign Ministry. We do not have any dates or definitions. They will appear at the right time. We are working as if we were staying until 1 March 1995. However, a political decision or internal definitions by the president of the Republic might interrupt the mandate any time. He said very clearly: Ministers are the fuses in the fusebox of the executive branch.

[EL PAIS] Will the issue of the common external tariff system be defined in June?

[Abreu] Yes, 30 June is the deadline for a definition. Technical studies have already defined 80 to 85 percent

of the issue. Some issues like petrochemistry, informatics, and capital goods are still pending.

We have still to decide the degree of protection Argentina, Brazil, Paraguay, and Uruguay will have with respect to third countries, not based on a model of imports substitution or the idea of creating a fortress, but to achieve a dynamic insertion into other integration schemes.

[EL PAIS] This means that the level of common external tariffs will be low.

[Abreu] Exactly. This is why Uruguay established 20 percent as the maximum tariff. Who would have thought four, five, or six years ago that we would be considering such a low tariff level, particularly when our countries installed an important protectionist system for their industries and other activities, that sometimes went over 100 percent.

The process shows that the concepts of economic opening and integration have become compatible and have replaced previous integration concepts which promoted the model of import substitution and contemplated very high tariffs to protect internal industries.

[EL PAIS] But there has been a move to impose other obstacles to integration, even within Mercosur [Common Market of the South]. For instance the consumer defense code approved in Brazil or the quality controls or technical norms established by Argentina. Has this problem been insufficiently resolved, that is, if we want to prevent the lifting of new shields behind old economic borders?

[Abreu] That is a good question because it shows that beyond the political willingness there are interests and situations oriented to hinder this process of trade liberalization.

Each country and each economy has interest groups defending its own situation by pressuring to maintain privileges and protect its interests. They want to maintain their markets and avoid being exposed to competition where quality and price might displace them from consumers' preference.

All obstacles are used. Obstacles can be administrative, on quality, and now—for instance through GATT—on issues like the environment. "Social dumping," which in some ways is justified, can also hide protectionist intentions. That is what we permanently do. We not only denounce these obstacles, we work on them because the main enemy of integration and the forces used to liberalize trade is the failure to fulfill deadlines. This failure is sometimes caused by interests, or political or circumstantial decisions which sometimes have more power than obligations. The importation of subsidized products, or dumping, will hurt those involved in these processes.

[EL PAIS] How did Uruguay take [Brazilian President] "Itamar's [Franco] Initiative" to create a Latin American free trade zone by 2010?

[Abreu] Uruguay's integration strategy is clearly defined. We understand that all integration mechanisms in Latin America, including NAFTA, are modular and complementary.

We support the idea of discussing all these integration processes to prevent them from becoming islands or broadened import substitution models. We conceive them as complementary efforts leading to a hemispheric free trade zone.

We do not see the Andean Pact, the Group of Three, NAFTA, or even the Brazilian proposal as being against or incompatible with our regional integration scheme, Mercosur.

[EL PAIS] But they are all different....

[Abreu] Yes, they are all different and have different priorities. We believe—and we have said this more than once—that Uruguay bets on two things: Political realism and legal security. Realism tells us that Uruguay must recognize that there are processes in the world that will not wait for us to change before becoming effective.

Therefore, we must adapt to those changes, as in the case of NAFTA, or the new forms of commercial relations currently materializing in the developed world.

But that realism must be made compatible with legal security, which means credibility in the different integration processes in which we participate.

We should not let ourselves be guided by anxiety or wonder. We should not join new integration models, leaving aside what we are creating—projects that are already at an advanced stage.

We will take note of all proposals as long as the other Mercosur member countries recognize that the priority is to consolidate this process.

We should finish building our Mercosur free trade zone, with its known exceptions, and then, in due time, attack the exceptions.

We must approve a common external tariff system in order to fulfill our treaty requirements. We must also approve norms on institutional structures, certificates of origin, and regulation on the different exceptional regimes that are today listed in the subregion, such as the free trade zones and the "draw back" [preceding two words in English] temporary admission mechanisms. All these should be put together in a package supposing strength and clarity to fulfill the obligations among the four partners.

We are willing to take note of all other integration processes, but not to deactivate one process to activate another.

[EL PAIS] But Uruguay—President Lacalle said this recently—will present a proposal at the next Mercosur presidential summit to broaden the "4+1" concept [George Bush's proposal involving the four Mercosur member countries plus the United States] to "4+3" [Mercosur plus the United States, Mexico, and Canada]. Here is something new. Is this not a change in the integrating strategy?

[Abreu] Nothing will change because Uruguay has clearly and sharply supported NAFTA and has said that the agreement between Canada, the United States, and Mexico is positive from the point of view of international trade. It is a module to complement existing integration schemes.

Within this framework, Uruguay is proposing the famous reform of Article 44 of the Latin American Integration Association (ALADI) to grant legal security to these schemes, so that events might not replace the law, and the norms regulating our trade relations might be adapted to this reality. This is the reason behind the expression realism with legal security.

When we encourage and take note of this integration process we also say that we are encouraging other complementary articulations with the United States within the framework of the "4+1" Treaty, but also within the framework of a "4+3" Treaty so that NAFTA and Mercosur can negotiate bilaterally within the "4+1" scheme, which is a negotiating and consultation agenda.

[EL PAIS] Will Uruguay's proposal eliminate the permanent problem created by Argentina "flirting" with NAFTA?

[Abreu] All that is part of the anticipation, I would say a political anticipation which does not have an exact legal foundation or anything concrete from the political viewpoint. These expressions have a certain projection but no basis. The important thing here is that the Asuncion Treaty establishes that relations between Mercosur member countries and other countries must be jointly undertaken. That is a legal obligation.

[EL PAIS] In other words, that is the only way in....

[Abreu] Of course, there are no other possibilities, except for natural country to country talks. At the time of definition, however, our idea is to respect the Asuncion Treaty so that the four countries can relate to other integration systems through Mercosur—that is, as a block, as it was done with the United States through the "4+1."

The definition of a common external tariff system will follow this principle of negotiating as a block, which will be our point of reference and will characterize our relations with other states.

[EL PAIS] How will you resolve the problem of "social dumping" within Mercosur? Uruguay is one of the hardest hit by the problem.



[Abreu] First we must define how to handle the "social dumping" problem. There is a proposal that will be discussed within the framework of the GATT talks in Morocco. The proposal was presented by developed countries which are only now analyzing the fact that low salary levels will influence costs and product prices, which will give underdeveloped countries an advantage over countries with higher salary levels.

We cannot understand this as a protectionist measure. We must seek to level different salary levels so that salaries and competitiveness increase at the same time.

We cannot increase our competitiveness by depressing salaries, because that will affect workers' well-being.

[EL PAIS] The trend of every process of regional integration has never been to bet on a reduction ....

[Abreu] Precisely. This situation stems from the fact that there are heavily populated countries with abundant labor and relatively low wages. Obviously, this has a bearing on prices.

We have to take extreme care, however, to defend our wage levels so that once we enter into competition with others, wages will go up rather than down.

Uruguay plays a very important role on account of its location and social structure. We have partners like Brazil, where labor is cheaper and less qualified. It is also true that each country has to put its comparative advantages to good use in order to achieve a dynamic insertion in foreign markets. As we have better qualified labor, we must try to specialize in things that will take advantage of market niches, in which quality will be our main advantage.

These issues have to do with countries' strategies, but they should be considered from the viewpoint of social awareness in the true sense of the word, instead of using them for commercial purposes disguised as protection mechanisms.

#### Discusses Population Conference

PY2004200594 Montevideo EL PAIS in Spanish 10 Apr 94 pp 9, 10

["Part" of interview with Foreign Minister Sergio Abreu by Heraclio Labandera; place and date not given]

[Text] [Labandera] There are documents revealing that the United States is investing millions of dollars in birth control campaigns in developing countries through private and nongovernmental organizations. In the 1987-1992 period, \$27 million was allocated for nine Latin American countries, among them Uruguay. This fund grew to \$75 million for the 1993-1998 period. What are Uruguay's criteria for its population policies?

[Abreu] First, the Uruguayan definitions of its population structure, growth rate, and age structure make us aware that a country of approximately 186,000 sq km

has a population of 3.5 million, which is inappropriate for our territory. Consequently, the executive branch has a policy to foment immigration with concrete measures that seek to facilitate the settlement of foreigners in our country.

This means that Uruguay needs more people, more manpower, and more population, not only to increase the market but also to balance the population/territory ratio.

On the other hand, there is a migratory trend in Uruguay linked to a series of factors with repercussions in a particular population sector. The most worrisome migratory trend is that affecting young people, who go to seek new opportunities beyond our borders or better horizons thanks to labor qualifications with which they can obtain a comparative advantage.

This obviously influences a population policy that is also conditioned by "family planning," which has its own parameters and which the country has not set at the controversial levels existing in other countries, particularly on issues that are so sensitive like abortion.

Abortion in Uruguay is clearly addressed in the Penal Code.

But "family planning" is not linked to official or state definitions. It is oriented by advice obtained privately by citizens.

[Labandera] An International Conference on Population and Development, which might cause considerable controversy, is scheduled for September in Cairo. On the one hand, there is a group of countries that want to control population growth at the world level applying "neo-Malthusian" criteria, while on the other, there are countries that do not agree with birth control conditions. We can mention Brazil and Argentina, for example, countries for which credit has been conditioned on implementation of restrictive population policies, something the two countries have systematically opposed. Has this type of pressure been exerted on Uruguay? In such a case, is the country willing to pay the political cost of such pressure?

[Abreu] Look, Uruguay is studying the subject. Uruguay has a delegate to the International Conference on Population and Development, and a commission that is preparing for the Cairo meeting.

What I can tell you in advance is that Uruguay will not yield to any type of pressure on population policies seeking the reduction of the population by methods that are basically applied in societies that have a very high population growth rate.

If this has happened with Argentina and Brazil, just imagine what will happen with Uruguay, where we need more instead of fewer people. We obviously will not permit meddling in this area, if nothing else because of other reasons that should not be mentioned here.

We have defined a very clear policy for orienting the "family planning" system, but without the controls or restrictions that supposedly might be applied in other countries.

Especially because Uruguay is not accustomed to this type of pressure, because—among other things—of the principle of the sovereign equality of nations.

Consequently, unless self-control measures are adopted for political or legal reasons of an international nature, Uruguay will not accept impositions from abroad.

[Labandera] Will Uruguay and its Mercosur [Common Market of the South] partners seek a common position in this area, with a view toward the International Conference on Population and Development?

[Abreu] We are considering the issue. We have not yet established a clear definition, but it is part of our common strategy. The matter has not been directly raised within Mercosur, but we will debate it as positions on the subject become clearer.

#### Official on Trade, Investments, Interest Rates

PY2004222494 Montevideo EL OBSERVADOR  
ECONOMICO in Spanish 8 Apr 94 p 8

[Interview with Economy Minister Ignacio de Posadas by correspondent Oscar Vilas in Guadalajara, Mexico; date not given]

[Text] [Vilas] What are the government projections for this year's trade balance?

[De Posadas] Last year we forecast a decline in our trade balance deficit. We assumed imports would level off because our country cannot continue this rampant buying spree abroad. Capital goods and durable goods are not imported forever. We calculated that the trade balance deficit would level off through a reduction of imports. We are now seeing an increase in exports, especially to the Brazilian market. We are seeing price increases in some products like rice, wool, and meat. Rice prices have increased substantially, wool prices have increased slightly, and there is a good market for meat. Exports to Brazil increased about 30 percent last year and it is believed that the current stabilization program will cause price adjustments in Brazil and increased trade.

[Vilas] The latest published government management results show an exponential increase in government spending, which has gone up by 25 percent. How does the government view this?

[De Posadas] Last year's investments have been carried over to this year. Current expenditures have not increased; investments account for most of government's expenditures and we have already set a ceiling on them. Moreover, tax collections exceeded original estimates by nearly \$11 million.

[Vilas] How can the government fix investment levels?

[De Posadas] We are working on a decree to fix government investments. We have again spoken with executive board members from public enterprises urging them to adjust their investments to what has been budgeted. The total amount that the central government and public companies will save totals some \$150 million. And yet, this year's investment levels will be higher than last year's, which in turn exceeded benchmark levels. We have to undertake this to ease the pressure off accrued expenditures, which have a bearing on the entire economy.

[Vilas] The United States has increased its interest rates to stave off inflation. Argentina has followed suit to prevent the loss of international reserves. Is Uruguay contemplating increasing interest rates to help its fight against inflation?

[De Posadas] It is unfeasible to set interest rates in a country the size of Uruguay. Besides, we have a very open market with a considerable inflow of capital to date. What do we stand to gain by increasing interest rates? Nothing. What is the use of increasing interest rates for transactions in pesos? It will only make investors turn to the peso in droves. They will sell dollars; thus exerting more pressure on the exchange rate and triggering an increase in reserves. It is not worth it.

[Vilas] Is there a project to place Uruguayan debt bonds on other markets, like Japan for example?

[De Posadas] We are studying that possibility. We must follow a similar line of reasoning as before. Given Japanese interest rates, we must assess if it is really worthwhile. We pay very low interest rates. The degree of acceptance or trust in Uruguayan securities is very high. It would be attractive, though, to gain a foothold in another market.

[Vilas] Industry Minister Eduardo Ache proposed a debt-for-investment swap in order to attract capital. How does the Economy Ministry view this initiative?

[De Posadas] He had that idea. I have not seen any concrete project on it. The subject should be carefully considered because it has a very high cost for our country and we must analyze if it is cost-effective.

#### Top Tupamaros Leader Fernandez Huidobro Resigns

PY2004211794 Buenos Aires NOTICIAS  
ARGENTINAS in Spanish 1927 GMT 20 Apr 94

[Text] Montevideo, 20 Apr (AFP-NA)—Eleuterio Fernandez Huidobro, the top leader of the former Tupamaros guerrilla movement, today announced his resignation from the leadership of the group because of internal disagreements that currently divide the Uruguayan left into "moderates" and "radicals."

"I am leaving because I do not want to participate in internal debates; I do not want to participate in fratricidal struggles," Fernandez Huidobro said in a brief explanation to the press on the reasons that led him to resign.

The former leader of the Tupamaros—a movement that in the 1960's tried to impose socialism in Uruguay through force and then in 1980 chose the democratic way of life after its military defeat—is a member of the "radical" sector of the Broad Front coalition, which includes the communists and the socialists.

Fernandez Huidobro's resignation comes seven months before the presidential and legislative elections in which the Broad Front is placed by the polls as the country's second biggest political force.

The former guerrilla chief warned: "I do not want to harm the left, and for that reason I will not comment any further; but when they want me to fight against the common enemy, then I am at the service of the Uruguayan people and the Tupamaros."

## Venezuela

### Caldera Says Constituent Assembly Will Not Solve Problems

PA2004163094 Caracas *EL DIARIO DE CARACAS* in Spanish 15 Apr 94 p 27

[Text] President Rafael Caldera said yesterday that summoning a constituent assembly is not the solution to the country's problems. He also urged the Congress to include the impeachment referendum in the constitutional amendments to create a "truly participative" democracy.

The president noted Colombia's positive experience in this area, adding that it is possible to reform the system "without breaking the constitutional thread."

Speaking during the presentation of the book *Venezuela, Crisis and Constitutional Reform* at the Avila Hotel, he said he was among those who think the congressional debate on the reform should begin where the past legislature left off. In any case, a bicameral commission should be named to promptly update the study and to include new proposals. Caldera indicated four kinds of referenda must be included in the reforms: a referendum to impeach, a referendum to consult, a referendum to approve, and a referendum to confirm. As an example, he said a matter as important as the delimitation of marine and underwater areas with Colombia must be submitted to a popular consultation, "because a mere ratification by Congress would not be sufficient."

Regarding federalism, Caldera explained he views it as the adequate strengthening of administrative decentralization that avoids "the destructive abuses" of centralism but does not restore the vices of the old system of cronyism.

"I have been asked, not without malice, if now as president I continue supporting the possibility of revoking the mandate of the head of state and any top official, and I have said I would feel bad if it were not approved," he warned. The president said he is confident that the congressional debates will have a favorable outcome and that the stumbling blocks to a favorable outcome will be removed.

### Minister Assures Stability, Trust in Government

PA2104014594 Caracas *ECONOMIA HOY* in Spanish 15 Apr 94 p 4

[Report by Gregorio Salazar]

[Text] The Miraflores Presidential Palace was engulfed in a foul and irritating cloud yesterday morning, as police used tear gas at the nearby Fermin Toro High School. The sound of gas canisters going off and bird shot rifles being fired at the demonstrators served as a backdrop to a news conference by General Barry McCaffrey, commander of the U.S. Southern Command. Gen. McCaffrey is here to discuss regional security and drug trafficking matters.

Interior Minister Ramon Escovar Salom made a mid-morning statement: "We are living in an atmosphere of tranquility, stability, and trust in the government. The polls and what the people on the street are saying demonstrates this."

Reporters focused their attention on the pipe bombs placed at the doors of the of Banco Latino. This forced the minister to say that "these events do not have the significance or the weight that some people would like to give them..., and they are not big enough to pose any kind of threat to the nation."

When addressing a question about the identity of those responsible for what he called "these scattered uprisings," he answered with a question: "Who do these attacks against the Banco Latino benefit or who could they benefit at this moment in time? Ask yourselves those same questions. I am not going to answer it. Let public opinion make up its own mind."

"None of those responsible for yesterday's events has any real political significance." The minister was not clear; the reporters presumed that he meant the government employees' strike and the farmers' demonstration at the Central Bank of Venezuela last Wednesday.

Another ongoing investigation is one looking into alleged terrorist plans, based on a report by Zulia State Governor Lolita Aniyar against ranchers in the Perija region. Escovar said that the commission he sent there has interviewed many people and that even the director of the weapons and explosives department was in Zulia.

The minister also said that he did not know if Commander Hugo Chavez was planning any sort of uprising or conspiracy. Finally, the minister gave a flat "no

comment" to a question about the "switch" on the Board of Directors of Aeropostal, allegedly carried out by Gustavo Velazquez and Mrs. Tarazona.

Some reporters rewound their audio cassettes to listen to the minister's opening statements: "We are living in an atmosphere of tranquility, stability, and trust...."

#### **Minister Opposes Special Powers Act Exemptions**

PA2004231894 Caracas Venezolana de Television  
Network in Spanish 0000 GMT 17 Apr 94

[Report by Raima Rondon from "The News" newscast]

[Text] Finance Minister Julio Sosa Rodriguez disagrees with the tax exemption for house rentals, slated to go up to 5 million bolivares [Bs], as specified by the Special Powers Act.

The executive branch has requested that tax exemptions be established on the basis of Bs750,000. However, the Special Powers Act cites exemptions for school, medical, and dental expenses, as well as for mortgage interest on principal residences, also to the tune of Bs5 million.

Both Congress and the finance minister agree with the latter exemptions.

[Begin Sosa recording] They have established tax exemptions of up to 5,000 tax units, which means Bs5 million on interest for principal residences. I agree with this. They have also established a tax exemption for house rentals that I believe is exaggerated as it amounts to Bs5 million. This will eventually have to be included in a law. But we will have to obey the terms of the Special Powers Act. I do believe that Congress could modify this in the future, preferably before the year ends, because a Bs5 million per annum tax exemption for house rentals seems exaggerated to me. [end recording]

Minister Sosa added that he was at Miraflores to attend a meeting of the economic cabinet with President Rafael Caldera that would establish a schedule for implementing the Special Powers Act.

#### **Council Approves 3 Special Powers Act Decrees**

PA2104025194 Caracas Venezolana de Television  
Network in Spanish 2350 GMT 20 Apr 94

[Report by Cecilia Pachano from "The News" newscast]

[Text] The Council of Ministers approved in its session this afternoon the three first decrees contemplated in the Special Powers Act. These decrees allowed the Council of Ministers to promulgate the Law on Bank Debits, Law on Concessions for Construction and Maintenance of Public Works, and Law on Reforms of the Public Budget Law.

Regarding the Law on Bank Debits, the only modification made to the original draft bill was that stock market operations will only be taxed for first operations and will

maintain the 0.75 percent profitability rate. This law will go into effect on 2 May. The government hopes to collect 100 billion bolivares with its implementation.

Regarding the Law on Concessions for Construction and Maintenance of Public Works, it is estimated its passage will promote the construction of public works, benefiting the community which will receive these new works and the state, which will not disburse any money for their construction.

[Begin Guillermo Alvarez, Central Information Office minister, recording] The profit margins offered by the past law ranged from 40 to 45 percent of the investment, which was evidently not attractive for investors. Now we have placed the profit margin at 75 percent. It may even reach 90 percent eventually with the authorization of Congress.

This is very important because it permits us to undertake works the government would have otherwise been unable to take on. [end recording]

As was known previously, the Law on Reforms of the Public Budget Law only contemplates the modification in the presentation date, which for the first quarter of the year was moved to the first 15 days of the month of June.

#### **Roundup of Economic Developments**

PA1904233694

[Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored through 19 April.

A study by oil specialist Leonardo Montiel Ortega indicates Venezuelan refineries overseas, far from being profit makers, produce net losses of more than \$96.3 million. These losses are due to the \$.86 price differential at which Venezuela sells its crude to the refinery Citgo in the United States. Venezuela dispatched to that refinery 305,000 barrels during 1993, at an average price of \$13.01 a barrel, while the average price for Venezuelan crude was \$13.87. In addition, this refinery does not process heavy oils, resulting in diminished Venezuelan sale possibilities. Montiel recommends these loss makers be sold. (Caracas EL UNIVERSAL in Spanish 11 April 1994 p 1-21)

Mexico is backing Venezuela's efforts to get the Brussels-based Customs Affairs Council to accept its Oremulsion as a bituminous oil and thus avoid tariff difficulties in world markets. Venezuela has no vote or veto power in the council and has enlisted Mexico's assistance. Venezuelan Petroleum President Luis Giusti estimates Venezuelan oil will fetch \$10.50 a barrel, but he did not rule out the possibility of reaching \$11.50, the budgeted amount for 1994. A recent decision by the European Union Nomenclature Committee classified Oremulsion



as a bitumen (Code 2714), which increases the possibility of placing greater volumes of oil on the world market. (Caracas EL NACIONAL in Spanish 14 April 94 E-8)

The Council of Ministers approved an initiative on 13 April to raise urban minimum wages to 15,000 bolivares, 12,500 bolivares in rural areas. Observers believe, considering the state of the Venezuelan economy and the

constant protests by the public and private sector, this increase in the minimum wage will be well received. An important aspect of this decree, which was not disclosed to the media because certain adjustments were still pending at the time of approval, is that only 30 percent of the increase will be used as a base rate to estimate contributions to social security, a possibility already anticipated in Articles 138 and 171 of the Labor Code. (Caracas ECONOMIA HOY in Spanish 14 April 94 p. 3)